Dynamics of ethical climate: Mediating effects of ethical leadership and workplace pressures on organisational citizenship behaviour

by:

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submitted in accordance with the requirements

for the degree of

DOCTOR OF BUSINESS LEADERSHIP

at the

UNIVERSITY OF SOUTH AFRICA

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DATE SUBMITTED: JUNE 2021

DECLARATION STATEMENT

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ACKNOWLEDMENTS

I would like to acknowledge and sincerely thank the following people for their valuable support and guidance during this research project:

1. **Professor Anton Grobler (Supervisor) -** For his thorough supervision and guidance, enlightenment through valuable feedback, and motivation all through the research journey.

2. **Professor Breggie van der Poll (Doctorate Academic Coordinator) -** For her support and facilitation in progressing with the DBL programme as well as for her valuable inputs and guidance at the colloquiums.

3. **Professors Nicolaides, Henning and Dr Mathafena (Reviewers) -** For providing their respective constructive and valuable inputs as reviewers.

4. **Dr Dion van Zyl (Statistician) -** For his valuable support as statistician and timely inputs provided whenever required on the methodological and quantitative assessment phases.

5. **Kantar (Data Collectors) -** For their professional services in conducting the field work according to the ethical and quality control guidelines.

6. **Ms Tumelo Seopa (Programme Delivery, DBL) -** For her steady administrative support, coordination and help during the DBL programme.

7. **Dr Neil Barnes** - For his professional language editing services.

8. **My closest ones –** For their unflinching support, motivation and prayers during this journey.

A note of thanks to the developers who provided their permissions for use of their respective instruments for this research work.

Special gratitude to my beloved parents and to the supreme Lord for the divine blessings and enlightenment all through.

SUMMARY

The world has been facing unprecedented waves of financial crisis due to a number of challenging ethical issues and cultures within organisations, and ethical leadership and decision making amongst other things. Research has been undertaken to study the relationship between ethics and leadership. However, the assessment of interrelationships between specific ethical context dependent and independent variables are yet to be undertaken within a multi-cultural multi-industry context. Independent variables are conceptualised as organisational culture, ethical organisational climate; mediating variables are conceptualised as ethical leadership and decision making, and internal and external workplace pressures. Dependent variables are conceptualised as organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance.

This study examines these dynamics within a conceptual research model using a macro-meso-micro framework and establishes the interrelationships as well as mediating effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance. Out of an initial sample of 526, a total of 523 participants of varying backgrounds working in 'large' organisations across diverse industries in Mauritius (with a population of 2,534 'large' establishments) were subject to empirical study. A quantitative study was performed which employed correlation, multiple regression, exploratory and confirmatory factor analysis, path analysis and model fit assessments.

The outcomes of the study show that organisational culture and ethical organisational climate (as macro independent variables) jointly influence the dependent variables both directly and indirectly to varying degrees. It was also found that ethical leadership and decision making, and internal and external workplace pressures (as meso variables) have statistically significant mediating effects on the dependent variables of organisation citizenship behaviour and perceived employee performance. The model proved to have a good fit and can be adopted as a guiding model for the business and research communities. The study also helps to better understand the prevailing state of ethical climate, practices, and workplace pressures affecting employees' ethical

stance as well as the key ethics related actions that are critical for implementation as evidenced empirically in Mauritius.

Key Terms:

Ethics, organisational culture, ethical climate, ethical leadership and decision making, internal and external workplace pressures, organisational citizenship behaviour, employee ethical behaviour and conduct, perceived employee performance

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1.1 INTRODUCTION

The concept of “culture” is based on a term first used in classical antiquity by the Roman orator Cicero when he wrote on the cultivation of a soul *“cultura animi”* (Cicero, ca. 45 B.C.E./1812, p.273). The term appeared first in its current sense in the 18th and 19th centuries to denote the process of cultivation or improvement. In the 19th centuries, the term was developed to generally refer to the betterment of individuals through learning. In the 20th century, “culture” emerged as a core concept of anthropology whereby scientists generally adopted the definition of culture as applying to all societies, literate and non-literate and settled and nomadic. The Cambridge English Dictionary provides a simple but holistic definition of culture as being "*the way of life, especially the general customs and beliefs, of a particular group of people at a particular time.*” Over the years, the concept of culture spanned across societies, communities and geographical boundaries as it projected learned behaviours in diverse contexts. Through the study of patterns of thoughts and behaviours of individuals and groups, one can determine the underlying driving forces that lead people to live in a particular way within the society or organisation. Thus, a pattern of collective behaviour and way of life is not only seen in a society or community but also within organisations whether operating for a profit or social motive.

A very important component of behaviour of individuals or groups of people within an organisation pertains to the philosophical theory on the nature of ethics. According to MacIntyre (1998), ethics, which examines the right and wrong moral behaviour, moral concepts and moral language, plays an instrumental role in the fulfilment of duty towards stakeholders in a socio-economic context.

Over the past century and recent decades, organisations have been facing numerous kinds of socio-economic challenges such as business survival, safeguarding of jobs, value creation for the shareholders, keeping a balance between fulfilling employees' demands and organisation's quest for profitability, managing the dynamics of human behaviour, and addressing ethical deviances amongst others. With the ever-growing pressures from shareholders to maximise profits and keep value-creation on top of the agenda, leaders have had to strike the right balance between attaining shareholder's goals and fulfilling their deontological duties of rightfulness, fairness, consistency to moral duties, respect to human beings and their rights, and compliance to norms amongst others (Ford, 2006; Knights & O'Leary, 2006). Over time, such economic pressures have even led executives to relegate critical duties of leadership such as managing with integrity, demonstrating ethical stewardship and fostering the right working environment at the expense of financial rewards. Several research studies have confirmed this finding. For instance, in a study conducted by the Institute of Leadership and Management and *Management Today,* it was found that 50% of respondents believed their organisations prioritised financial goals over ethics (The Institute of Leadership and Management, 2011). In another survey undertaken by the National Business Ethics Survey of Fortune 500 Employees, it was noted that "job security" came out as the top source of internal pressure, and "meeting targets" as the top source of external pressure influencing employees to compromise ethical standards (Ethics Resource Centre, 2012). It could be noted that the ethical dimension of leadership is drawing increased interest, especially with the recent upheavals caused by unprecedented corporate scandals.

Studies into the relationship between ethics and leadership have noted over time that leaders play an instrumental role in institutionalising values within the organisational culture through the way they decide and act (Burns, 1978). The definition of ethical leadership put forward by Brown, Trevino and Harrison (2005), as being *"the demonstration of normatively appropriate conduct through personal actions & interpersonal relationships and the promotion of such conduct to followers through two-way communication, reinforcement and decision making",* highlights influence of leaders and their actions on their followers or team members. In an attempt to further appreciate these underlying dynamics of human behaviour and conduct, scholars

have focused their attention on the use of the virtue approach (Arjoon, 2000; Sarros, 2006). This has therefore created awareness of the similarities and differences of a moral person and moral manager (Cullia, 2005; Piccolo, Greenbaum, Den Hartog, et al., 2010).

While existing researchers have established the linkages between ethics and leadership there are nevertheless gaps that need to be bridged through further research (Black & Morrison, 2014; Toor & Ofori, 2009; Victor & Cullen, 1998). This would include policies and psychological climate and ethical leadership, performance and leader-follower relationship (Sibiya et al., 2016; Niemeyer & Cavazotte, 2016). Examples would be exploring the dynamics of ethical climate in respect of ethical climate types and possible influence in business (Sibiya et al., 2016); exploring the mediating and moderating variables such as trust, work environment, organisational citizenship to better understand the relationship between ethical leadership and leader effectiveness (Engelbrecht et al., 2017). Further instances would include evaluating interrelationships and effects between elements within a conceptual macro-meso-micro framework of business ethics (Li, 2012; Engelbrecht et al., 2017). These are some key examples where further research studies will surely add value to the community of scholars and professionals.

Considering the importance of creating the right work environment that would lead employees to demonstrate ethical behaviour and conduct, motivate them to contribute beyond their normal duties (organisation citizenship behaviour) and to perform for the welfare of the organisation, there is a strong need to understand the underlying factors that influence such ethical and citizenship behaviours within organisations. Attention on employee ethical behaviour and organisational citizenship behaviour have lately grown as businesses face more pressure to survive in the midst of fierce competitive environment, globalisation and the recent advent of the pandemic of COVID-19. The prevailing work culture and ethical climate in the organisation have important bearing on how employees would behave, fulfil their duties and do beyond their usual job descriptions. The role that business leaders play in the workplace, the way they act and perform in the fulfilment of business goals, the way they are perceived by their subordinates, and the prevalence of the nature and intensity of workplace pressures are other key factors that influence employees' ethical stance, citizenship behaviour

and performance. This research thus focuses on the study of these key components so as to better understand the underlying dynamics and interplay within a structured framework and provide crucial insights that can contribute to the business community at large.

As the concept of ethics is complex in nature, it necessitates the adoption of a new conceptual framework or paradigm to ease research in this sphere. Social scientists can basically have recourse to four approaches to study such phenomena. These could encompass a *micro-theory based approach* (focussing at the level of the individual) or a *macro-theory approach* (focussing at the level of the nation, society or institution). Alternatively, a *micro-macro approach* (focussing on the interaction/integration of the micro and macro aspects), or a *macro-meso-micro* approach (focussing on the interrelationship and effects of the intermediate/meso components of ethical foundation) could be adopted (Jeurissen, 1997).

This study is proposed in light of the ever-growing ethical challenges being faced by the business community and the need to apply new conceptual approaches to addressing business ethics issues (Li, 2012). Its aim is to undertake an empirical study to determine:

(a) The interrelationships and mediating effects of organisational ethics components within the conceptual macro-meso-micro framework;
(b) The interrelationships between organisational culture, ethical organisational climate, ethical leadership and decision making, workplace pressure and their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance in a multi-cultural, multi-industry and 'large' organisation context in Mauritius which is also characterised by its economic, cultural, social and political specificities;
(c) The key ethics related actions that are viewed as critical for implementation in the context being studied.

Through this research, it is expected that the findings will empower organisations and practitioners, and also enable the development of a framework that will help in promoting organisational citizenship behaviour and positive ethical behaviour and performance amongst employees.

In summary, this chapter puts forward:

(a) A background on the various aspects and perspectives of scholars and researchers on culture, organisational culture, ethics, ethical culture, ethical climate, ethical leadership and decision making, workplace pressures, organisational citizenship behaviour, and employee behaviour and conduct. It also highlights challenges facing the research community, where gaps need to be bridged with a view to contributing to the body of knowledge;

(b) An overview of the key problem statement which will be attended to through a comprehensive study of ethical culture and climate components and their interrelationships. This will examine their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance. The effectiveness of key ethical related actions within the organisation will also be assessed;

(c) A set of specific research questions that will be subjected to empirical studies, analysis and interpretation with a view to attain the overall aim and objectives of the study from general, literature and empirical perspectives;

(d) The research design and methodology to be adopted, the context and boundaries in which the study was undertaken, and the statistical models and techniques applied;

(e) Considerations which ensured that this study met all ethical imperatives; and

(f) A high level outline of the key chapters that would form the constituting components of the thesis together with a high level plan guiding the study.

1.2 BACKGROUND INFORMATION

The way human beings and other species interact and live on earth is a topic of deep interest for philosophers. If behavioural sciences and complex learned behavioural patterns are explored from a broader perspective, it will be clear that the human race is not the only species living through learned behaviour. Many other animal species teach their young how to live and survive based on their own learning and existence. All this makes the topic very interesting for behavioural scientists in what they have coined as “culture”.

The word “culture” may mean different things for different groups. Whilst for some it may be an appreciation of music, dance or food; for others in a biological sphere, it may mean a colony of microorganisms growing in a laboratory for some specific tests. For behavioural scientists it may simply be the learned human behaviour patterns. Another way of understanding culture is to think of the “nature versus nurture” debate that social scientists hold whereby “nature” refers to our biology or genetics and “nurture” refers to our learned behaviours and other environmental factors influencing our identities (Hernandez & Blazer, 2006). In a bid to establish the relationship, academia has somewhat settled and acknowledged that “nature” and “nurture” influence each other (Collins et al., 2000).

In his definition, Tylor (1871a, p.1) states that culture is “*that complex whole which includes knowledge, belief, art, law, morals, custom and any capabilities and habits acquired by man as a member of society.* Whilst culture will likely vary from continent to continent, country to country or community to community, there is nevertheless another perspective where it exists. This is ‘cultural universals’ where learned behaviour patterns are shared by all humanity collectively (e.g. raising children in family settings or distinguishing between good and bad behaviour).

Taking a macro level perspective of a human society down to a relatively micro level of an organisation, culture will be a common factor dictating how individuals and groups of people think, act and live in specific contexts. Understanding the importance and dynamics of culture is thus central to the agenda of corporates.

An organisation depends heavily on its capabilities and resources to forge its path in today's competitive world. The way it models itself to respond to the challenging social, political, economic, legal, and technological forces is critical for its survival and sustaining performance (Schmieder-Ramirez, 2015). Furthermore, growing emphasis is also being laid on intercultural elements as key issues that need deeper consideration in properly managing organisational dynamics (Schmieder-Ramirez & Mallette, 2007). Organisations now have to rely more on leadership philosophies, organisational culture, ethical foundations, and execution approaches including policies, procedures, codes and other control mechanisms to be able to survive the competition.

This issue is not only relevant to business communities but also to non-profit organisations including governing bodies, public administration and groups of people working for a purpose or mission (Stare & Klun, 2016).

Today, human capital is proving not only to be a critical ingredient for organisational effectiveness or for gaining competitive edge but also to successfully surmount turbulent moments of economic crisis or the effects of globalisation (Phillips & Phillips, 2015). With the recent outbreak of the pandemic, sanitary issues have added to the host of challenges that organisations will need to manage and adapt with a "new normal". The success of an organisation depends heavily on the capabilities of its human capital and the strategies being implemented. However, the way people think, act and operate within an organisation plays an even more fundamental role in creating the right platform for addressing business challenges and attaining success. Experts such as Kotter (1992), Hofstede (2010), Schein (2010) and Edmondson (2012) refer to this as "organisational culture".

Over the years, many sociologists and anthropologists have proposed various definitions of culture. Edmondson defines culture as *"a shared product of shared learning"* (Edmondson, 2012). This considers the kind of learning that has taken place over time by conducting a historical analysis to decipher patterns that could explain behaviours of a group. Van Maanen and Kunda (1989) defined culture as *"a mechanism of social control and can be the basis of explicitly manipulating members into perceiving, thinking, and feeling in certain ways"*. Schein & Schein (2017) uses a

representation of the “Lily Pond” to analyse culture in three levels. This is comprised of:

(a) the visible and feelable aspects, termed as the “artifacts”, such as the physical environment, observed behaviour, style, clothing ;
(b) the “espoused beliefs and values” which demonstrate the ideologies and the underlying belief and value system of a group; and
(c) the ground-rooted “basic underlying assumptions” which provides its members with a basic sense of identity (Hatch & Schultz, 2004) on who they are, how to behave with each other, how to feel about themselves, and what kind of actions to take in different circumstances.

Whilst various experts have provided views on the components of culture, they nevertheless tend to converge towards aspects such as beliefs, values, behaviours, feelings, perceptions, philosophy, norms, rules and rituals, which when tied together make a coherent whole (Weick, 1995). These attributes are generally considered as non-negotiable assumptions (Schein & Schein, 2017).

In a nutshell, culture is the personality or character of an organisation which can be gauged through behaviour, attitudes and decision making processes. Culture plays a pivotal role as to how the organisation develops talents, delivers service to its clients, interacts with its stakeholders and adapts to the “new normal” post the pandemic. When the underlying assumptions are shared amongst team members, they are reinforced. Newcomers learn the implicit rules to integrate with the professional or social group (Mayer et al., 2008).

Trompenaars’ model of national culture differences reinforces the theory of culture, its dimensions and orientations (Trompenaars & Hampden-Turner, 1997). Culture will tend to vary from country to country, organisation to organisation and group to group. Culture can even vary within the same industry. For example, IBM and Apple are two flagship technology brands in the global space. Whilst the former places strong emphasis on the formality aspects exemplified with formal dress codes (dark suits, white shirts and polished shoes), Apple, on the other hand, favoured simplicity and informality with employees allowed to dress in T-shirts, jeans and tennis shoes (Morris, 1997). With the advent of internet and social networking, one can also note behavioural changes in respect of telecommuting, cooperation and networking across

geographical boundaries. The emergence of new trends and social habits is calling for people across the globe to evolve and adapt differently.

A question that often comes to light is how culture is formed, nurtured, maintained or evolved? It all starts from the ground-rooted goals, values, norms and formal philosophies set by the founder or leader of an organisation or group. Leaders create new cultures and gradually shift to maintaining and consolidating them (Schein & Schein, 2017). Some even change such cultures over time to suit their leadership style and vision. Such foundations dictate the kind of desired characteristics of leadership required over the lifetime of a business. This has also been coined as "*forming, storming, norming, and performing*" (Tuchman, 1965). Leadership demonstrates the key role in finding one's identity and role, resolving differences and confrontations through authority and influence, harnessing everyone to understand and appreciate each other, and finally ensuring consensus is reached so as to attain the goal.

Leaders influence culture in a number of ways through their vision, behaviours and decisions. Executives in organisations also tend to rely on their human resource managers to uphold culture change or reinforcement programmes that could be executed so as to engage their team members and guide them in a consistent way in meeting business goals. Key matters need priority attention of the leaders such as execution of strategies to ensure financial success of the organisation, growing shareholders' value, gaining market share, upholding brand and reputation, managing the dynamics of globalisation, improving bottom lines, retaining talents, etc.. This has caused leaders to consciously or unconsciously, relegate other very important elements such as fostering the right culture within their organisations to a relatively lower priority (The Institute of Leadership and Management, 2011).

The globe is facing unprecedented waves of challenges from globalisation (Black & Morrison, 2014) or the effects of changing climatic conditions (IEG The World Bank, 2010). Disruptive economic environments have arisen from financial crisis (Flynn, 2012); and diplomatic power struggles, war, and the recent pandemic, to the ever-changing ways of how people think, act and behave in the society at large (Mulroy & Austin, 2004).

The financial disaster of 2008 brought down the U.S economy and others around the world (Ciro, 2012). The further surfacing of several other cross industry global scandals such as Citigroup's role in the collapse of WorldCom in 2002 (English, 2004; Wilmarth, 2013) have placed the spot light on "ethics" and "ethical behaviour". Similar examples were, AON being fined for bribery issues in 2009 (Treanor, 2009); Alibaba.com's fraud by sellers in 2011 (Lee & Chao, 2011) and Toshiba's accounting and the FIFA scandals, and the likes.

Ethics, which is commonly defined as *"a set of moral principles or values"*, has recurrently been a passionate topic of debate amongst scholars, sociologists and anthropologists. Ethics and moral values found their origin from several holy books and epic poems in various religions at the beginning of the world literature (Hare, 2014). Since then, and from ancient Greece through to the middle ages, ethics has continually received the attention of philosophers and scholars. In the 18th century, Kant (1959) introduced the principle of universalizability providing for the correct rules for everyone to follow, referred to as the "Kantian ethics" (Lacewing, n.d.). Subsequently, we saw the development of "utilitarianism" in the 19th century providing another view of right actions as those that are likely to result in the greatest happiness or maximum utility (Bredeson, 2012). In the 20th century, we also saw increasing developments and debates on meta-ethics, applied and business ethics. Trevino and Nelson provided their definitions of ethics comprised of *"the principles, norms and standards of conduct governing an individual or group"* and laid emphasis on conduct (Trevino & Nelson, 2014). Another view of *"society's perception of what is right or wrong"* was also covered (Parboteea & Cullen, 2013).

Internal and external pressure factors are causing a shift towards an ethical culture within organisations. Internal pressures usually take the form of elements personal to the individual such as his own survival, job security, meeting his financial obligations, or his career. External pressures usually come in the form of meeting business targets and goals, ensuring financial success of a company, value creation for the shareholders, and the like. Business and competitive pressures, investors' and shareholders' demands, supervision by authorities, political pressure, scandals, socio-economic pressures, globalisation and the pandemic are a few examples of the external forces causing a radical change in behaviour and thereby putting ethics at the

centre of the debate. Similarly, internal forces such as work pressures to meet business targets and deadlines are also affecting professional conduct of leaders. In Kaptein's (2008) Corporate Ethical Virtues Model, an 8-virtue model can be used to measure the ethical culture of organisations. Kaptein calls this *"The Virtue of Feasibility"* whereby the setting of unrealisable targets tends to lead towards a higher level of unethical behaviour (Kaptein, 2008). This also corresponds to the empirical findings of Schweitzer et al. (2004) thereby highlighting the linkages and risk of high performance goals leading to unethical behaviour by depleting self-regulatory resources over time.

In the 2005 US Integrity Survey, it was found that 74% of the respondents had witnessed unethical behaviour in their work group (KPMG, 2005). In a National Business Ethics Survey of Fortune 500 employees conducted in 2011, it was noted that 52% of workers had observed misconduct in America's most powerful companies, despite having ethics programs and standards in place (Ethics Resource Centre, 2012). In a bid to curtail events of unethical behaviour, practitioners and researchers are focussing more on the role of leaders, as they should demonstrate the highest level of ethical conduct and be projected as the role model for their followers (Toor & Ofori, 2009). The ethical climate represents the general perception of employees on the prevalence of ethical behaviour within the organisation and also has a crucial bearing on how employees behave (Victor & Cullen, 1998). All these issues of observed misconduct, workplace pressures and ethical deviances are increasingly calling for further attention to the concept of "ethical leadership" (Mayer et al., 2009). According to studies conducted by Mayer et al. (2009), an ethical leader lives and demonstrates key qualities of integrity, trustworthiness, fairness, care, and behaves ethically. Almost similar traits were also found and reported by Brown et al. (Brown, Trevino & Harrison, 2005). In another study undertaken earlier by Ethics Resource Centre (2015), it was found that certain ethical related actions such as "leaders and managers setting out good example of ethical conduct ("*walk the talk*")", "keeping promises and commitments", and "supporting others in adhering to ethical standards" had a greater impact compared to other ethical related actions such as "communicating the importance of ethics to employees, etc." (Seliigson & Choie, 2006).

The phenomenon of ethical culture and climate is far reaching in terms of its implications and impact, and warrants a deeper understanding of its theories, models and associated constituent parts so that the whole dynamics can be understood. In a bid to present a preliminary overview of the domain (theory, model and components in relation to ethical climate, ethical leadership and decision making), a schematic representation, as shown in Figure 1.1 on page 13 of the thesis, has been put forward based on the outcomes of the short literature, so far. These building blocks will form the basis for a deeper literature review in the context of this study. In particular, understanding the dynamics of ethical climate types, the prevailing ethical virtues and ethical decision making are bases for further literature review.

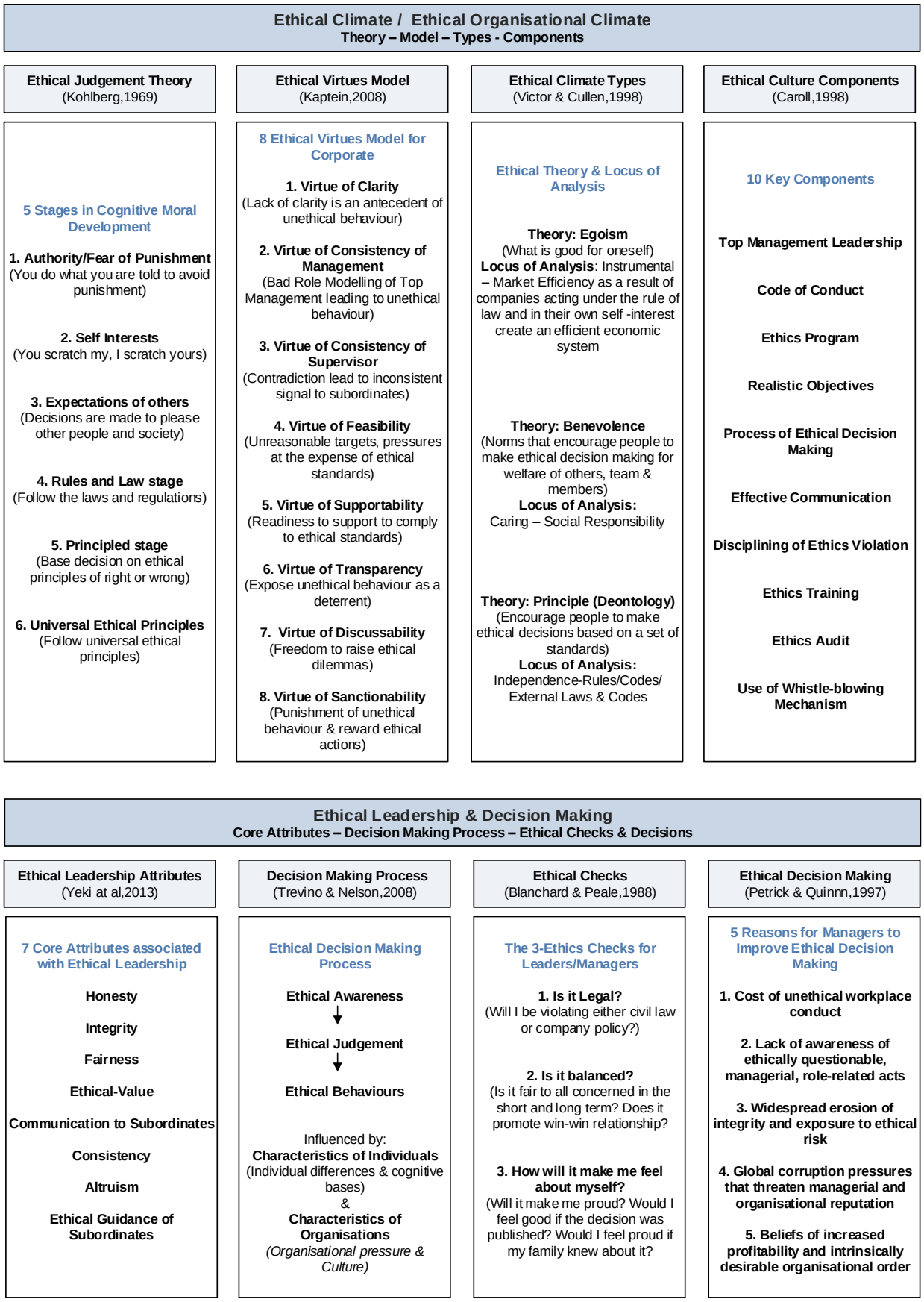


Figure 1.1. A preliminary compilation of key theory, model, components in relation to ethical climate, ethical leadership and decision making.

Researchers such as Dopfer et al. (2004) have elaborated a universal model, the conceptual “macro-meso-micro” framework, to help in the analysis of economic and organisational systems in three distinct levels.

In the context of this study, the “micro” aspects focus on the rules, systems, attitudes, organisational citizenship behaviour, employee ethical behaviour and perceived employee performance. The “meso” layer concerns aspects such ethical leadership, decision making, work pressure, organisational policies, procedures and practices, etc. Focusing on the broader organisational culture, ethical climate, industry or market aspects would represent the “macro” layer. To better understand these dynamics, researchers are gearing their attention more and more towards understanding the interrelationships between key elements within the conceptual macro-meso-micro framework (Li, 2012).

In an empirical study conducted by Kaptein (2008a) in multiple work settings through a western European university, it was noted that six out of the eight dimensions of ethical culture (Corporate Ethical Virtues Model) that were tested had a significant negative relationship with the frequency of observed unethical behaviour within the work groups (Kaptein, 2008a). In other words, the majority of the virtues of ethical culture proved to be countering unethical behaviour materially in the corporate context where the study was undertaken. However, they were not significant for dimensions of clarity, transparency and sanctionability by rewards.

Research conducted in Spain by Ruiz-Palomino and Martinez-Canas (2011) found that employees’ ethical behaviours are positively affected by top management role modelling, but, unexpectedly, remained unaffected by sanctioning behaviour. It also confirms that ethics should flow from the top-down, thus emphasising the requirements for exemplary ethical conduct of top management in order for ethics to pervade the organisation.

Lu and Lin (2014) examined, in the international port context, the effects of ethical leadership and ethical climate on employee ethical behaviour. The study findings revealed the mediating effect of ethical climate on the relationship between ethical leadership and employee ethical behaviour. This study also highlighted the research gaps that need to be bridged in examining the relationships between ethical climate,

organisational culture, job performance and supervisor influence, and particularly behaviours or attitudes leading to misconduct.

In 2014, similar research focussed on understanding the relationship between ethical leadership, employees' in-role job performance, the mediating effects of goal congruence and psychological capital (Bouckenooghe et al., 2015).The study also highlighted that organisations should treat ethics as a prime pillar of the foundation when building organisational culture and that ethical leadership indirectly affects the performance of followers. In a bid to contribute towards the body of knowledge, it was suggested that researchers should try to develop more inclusive models that refine the predictions of mediator variables follower-leader goal congruence and psychological capital.

Smith (1983) and Organ (1988) shed light on the concept of Organisational Citizenship Behaviour (OCB) which fosters a positive working environment that calls for the employees to surpass the minimum role requirements expected (Alizadeh et al., 2012; Organ & Konovsky, 1989; Smith et al., 1983). This was achieved through employees doing more than their usual job descriptions and assigned duties, and by helping other teams, volunteering for extra work, avoiding unnecessary conflicts, respecting the spirit and letters of rules and regulations and gracefully tolerating occasional work-related impositions and nuisances (Robbins & Judge, 2013). With the growing need for employees to embrace a citizenship behaviour thereby demonstrating an attitude and willingness of doing beyond their normal job descriptions, more so, in a context characterised by the "new normal" led by the recent pandemic (e.g. to fully collaborate and deliver from home or as a front line resource in the midst of the prevailing sanitary risks), the study of factors influencing OCB becomes even more pressing today. One of the most recent studies conducted on OCB in Mauritius has examined the mediating role of OCB on job satisfaction and performance of employees in the hospitality industry (Ramesh & Goolaup, 2020). However, the assessment of OCB as a dependent variable is yet to be undertaken in the local context. Furthermore, whilst researchers have established the relationship between OCB and job performance, the influences of ethical leadership and decision making and internal and external work pressures on OCB have to be studied further in a multi-cultural context.

In a more recent study conducted by Grobler (2016), the ethical climate typology of the Ethical Climate Questionnaire (ECQ) was analysed with a view to develop a distinctive typology for the South African context. Exploratory factor analysis was applied on the initial nine and subsequently five ethical climate typologies, considered as the norm in the study of ethical climate (Martin & Cullen, 2006). This resulted in a refined three ethical climate typology namely *Institutionalised ethics, Instrumental and Personal morality.* These were tested for equivalence in the private and public sectors and were found to be equal. This research calls for further study and analysis to determine the consequences of the ethical climate types for organisational and individual behaviour as well as their being possible precursors to ethical climate.

Walumbwa et al. (2017) examined the mediating influence of group ethical conduct, justice climate and peer justice. Their study revealed that ethical leadership directly and indirectly promotes an ethical and fairness-based context that promotes group learning behaviour. It is suggested that future research integrates team performance as a criterion variable which may partially result from learning, and worker well-being and which may partially result from justice.

1.3 PROBLEM STATEMENT

Despite the existence of comprehensive legislation to combat crime at large, illegal actions are still occurring in large numbers and are reported across the globe (OECD, 2016). Similarly, despite the establishment of governance and control systems, codes of conduct, policies and procedures, and other management systems, organisations are still faced with ethical issues thus making this whole phenomenon a topic for research concern to understand its underlying causes (Ethics Resource Centre, 2012; PwC, 2016).

Furthermore, the review of current literature on organisational culture, ethical culture, ethical climate, ethical leadership and decision making, individual and group behavioural dynamics, pressure factors, organisational and employee performance, and the interrelationship of these components highlights the following key research problems:

(a) The relationship between ethics and leadership has been studied by scholars for quite some time (Burns, 1978; Deconinck et al., 2016), yet the world continues to face major socio-economic challenges due to ethical issues (Huang & Paterson, 2017). Therefore, the ethical dimension to leadership has to receive further research attention in the midst of such mounting challenges especially in areas of organisational ethics.

(b) Theoretical models have yet to determine whether mediation effects between organisational ethics components within a conceptual macro-meso-micro framework remain constant across different contexts, organisations and groups of individuals (Grobler & Grobler, 2016).

(c) The need exists to determine the relationship between the organisational culture and ethical organisational climate in a context that is largely characterised by a plurality of cultures.

(d) The need exists to determine the interrelationships between organisational culture, ethical organisational climate, ethical leadership and decision making, internal and external workplace pressures, and their effects on organisational

citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance in a cross-industry multi-cultural context.

(e) The need exists to evaluate the extent to which ethical related actions are viewed as critical and which meso components influence the organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance the most.

(f) A necessity for the development of a new or improved framework or model that would enable enhanced ethical business practices and performance in a dynamic context is largely influenced by internal and external pressures compromising ethical standards.

(g) A need to put forward appropriate recommendations for the business community with a view to further equipping them against ever-mounting ethical challenges and addressing such dilemmas in a context is largely characterised by a plurality of cultures.

From ontological and epistemological perspectives, leaders, practitioners, scholars, organisational psychologists, sociologists and anthropologists need further knowledge about the theoretical and observed contextual on-the-ground realities and their interrelationships.

Research has been conducted in different countries relevant to the current areas of interest. However, a study specifically orientated towards the assessment of organisational culture, ethical organisational climate, ethical leadership and decision making, workplace pressures, organisational citizenship, employee behaviour and performance, as an interconnected unit, has not been yet been done in the multi-cultural and cross-industry context of Mauritius. Given the economic, cultural, social and political specificities of Mauritius, the study will go a long way in enlightening key stakeholders about the interrelationships and dynamics of these variables in such a context.

1.4 RESEARCH QUESTIONS

On the basis of the literature review, gaps identified and research goals, the following research questions were put forward:

- **Research Question 1**: *How are the ethical context variables (organisational culture and ethical organisational climate) conceptualised and explained by the theoretical models in the literature?*
- **Research Question 2:** *How are the mediating variables (ethical leadership and decision making, and internal and external workplace pressures) conceptualised and explained by the theoretical models in the literature?*
- **Research Question 3:** *What is the nature of the theoretical and observed interrelationship between the ethical context (organisational culture and ethical organisational climate as independent variables) and mediating variables (ethical leadership and decision making, and internal and external workplace pressures), and their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance?*
- **Research Question 4:** *Which of the key meso components (ethical leadership and decision making, and internal and external workplace pressures) and ethical related actions influence the organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance the most?*
- **Research Question 5:** *Can a scientific theoretical model be constructed or customised on the relationship between ethical context independent variables (organisational culture and ethical organisational climate) and mediating variables (ethical leadership and decision making, and internal and external workplace pressures) with a view to empower organisations and practitioners to develop appropriate strategies and processes to promote positive employee citizenship behaviour, ethical conduct and performance at large?*
- **Research Question 6:** *What are the key recommendations emanating from the research findings for stakeholders, in the multi-cultural and cross-industry context of Mauritius, to institutionalise through a framework or model that would provide critical ethical levers influencing positive ethical behaviour and performance for the success of organisations?*

1.5 RESEARCH AIMS & OBJECTIVES

In view of the research questions formulated above, the aims and objectives of this study were 3-fold as follows:

1.5.1 General aim

The general aim was to research, devise, construct and test a framework or model that would empower organisations and practitioners and allow them to identify, measure and manage key contextual ethical levers promoting positive ethical behaviour and performance.

1.5.2 Specific aims from a literature review standpoint

The research aims, from a literature review perspective were as follows:

- **Research aim 1:** To generally and theoretically explore the concept of national culture, organisational culture, ethical organisational climate, ethical leadership and decision making, internal and external workplace pressures, organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance, their interrelationships and the variables that influenced them.
- **Research aim 2**: To theoretically explore the *ethical context independent variables* conceptualised as organisational culture, ethical organisational climate and the variables that influenced these constructs.
- **Research aim 3:** To theoretically explore the *ethical mediating variables* conceptualised as ethical leadership and decision making, and internal and external workplace pressures, and the variables that affected these constructs.
- **Research aim 4:** To theoretically explore and assess the nature of the relationship between the macro and meso components and subsequently assess interrelationships between the *ethical context independent variables* and *ethical mediating variables* and their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance.

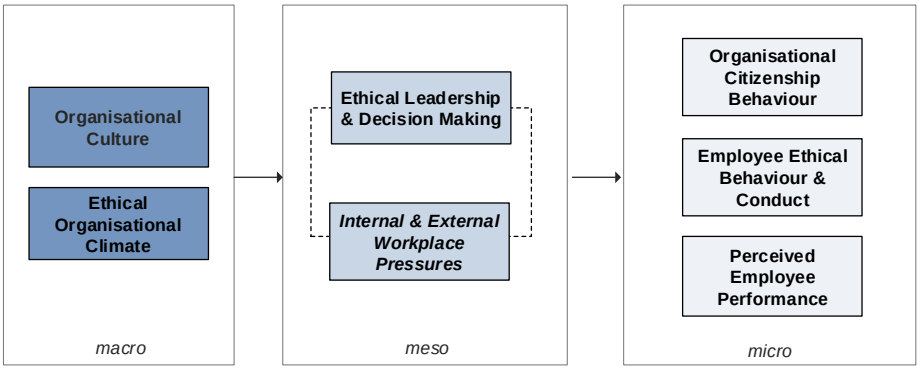


Figure 1.2. The conceptual research model within a macro-meso-micro framework.

- **Research aim 5:** To theoretically explore and assess the importance of key ethics related actions (imperatives and interventions) such as the institutionalisation of an ethics structure and systems within the organisation and how they could lead to organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance in the workplace.

1.5.3 Specific aims from an empirical study perspective

From an empirical study viewpoint and as manifested in a sample of respondents in a multi-cultural and cross-industry environment of Mauritius, the research aims were as follows:

(a) How did the ethical organisational culture, climate and standards in Mauritius compare with the global perspective?
(b) What were the key ethical climate types found, their characteristics, specificities and how were they related to the variables under study?
(c) What were the most common internal and external workplace pressures faced by organisations which could compromise ethical behaviour and standards?
(d) Which were the most influential / impactful workplace pressure factors?
(e) What was the statistical relationship between organisational culture and ethical organisational climate?

(f) What was the statistical relationship between the mediating variables of ethical leadership and decision making, and internal and external workplace pressures?

(g) What was the nature of the theoretical and observed interrelationships between the ethical context (organisational culture and ethical organisational climate as independent variables) and mediating variables (ethical leadership and decision making, and internal and external workplace pressures), and their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance?

(h) Did the employees' perception and behaviour in relation to organisational culture, ethical leadership and decision making, internal and external workplace pressures, and organisational citizenship behaviour remain constant across different groups (age, industry and socio economic)?

(i) Which of the key meso components (ethical leadership and decision making, and internal and external workplaces pressures) and ethical related actions influence the organisational citizenship behaviour, employee ethical behaviour and conduct and perceived employee performance the most?

(j) Was there a good fit between the elements of the empirically manifested structural model and the theoretically hypothesised model?

1.6 RESEARCH DESIGN & METHODOLOGY

Each and every research project has to be designed with a view to attaining its set goals. Research design basically describes the strategy undertaken. Trafford and Leshem specify "*the act of designing research involves a critical thinking process to determine how the research is to be undertaken*" (Trafford & Leshem, 2012). Research design integrates the strategy and methodological aspects to guide the research work. The choice of research design is therefore fundamental to the overall process as it will play a central role in linking the "what" and "how" aspects of the investigation and fieldwork.

1.6.1 Research Methods

The two major research methods are quantitative and qualitative. Williams (1992) refers to them as the two major methodological research traditions. Quantitative methods are used when the study needs to be measured and hypotheses have to be tested. They basically rely on testing theoretical propositions using the scientific methods. Babbie and Mouton (2009) highlighted the main features of a quantitative research approach as laying emphasis on the 'quantification of the constructs' variables in describing and analysing human behaviour. On the other hand, qualitative methods enable building of a holistic picture, thereby reporting detailed views of informants conducted in a natural environment (Cresswell, 1994).

Amongst the various types of research comprising of lab experiments, field experiments, field studies and survey research, the latter is often used by researchers to determine the characteristics of a population so that inferences can be made about it. Kerlinger (1986) highlights that surveys usually focus on the *"vital facts of people, their beliefs, opinions, attitudes, motivations and behaviours, and generally are cross-sectional in nature."*

The type of research is usually determined by the research questions to be answered. For the purpose of the present study, and considering its pre-determined and exploratory nature, a positivist approach (quantitative method) was used. A survey strategy, as explained below, was adopted and deployed with a view to collecting

relevant data from a carefully devised sampling of Mauritian corporates operating across industries.

1.6.2 Proposed Instrument

The foundation of good research work relies heavily on the quality of data, usually assessed in terms of validity and reliability. It also depends on how data are gathered, analysed, measured and assessed. To support this process, research instruments such as surveys are used. Survey research grew within a positivist approach to social science (Carr-Hill & Roy, 1984). Surveys, which may take the form of questionnaires, internet polls or phone interviews, ease the collection of characteristics, opinions, beliefs and behaviours from large samples when researching on culture and behaviour. The questionnaire stands as one of the most widely used techniques for data collection especially when large number of people have to be surveyed with diverse set of variables (Neuman, 2013). The design of new, well adapted and appropriate questionnaires is central to the effectiveness of the data collection process and its subsequent phases of analysis and testing. In the context of this study, measurements were undertaken from two perspectives namely: (a) organisational culture; (b) ethical aspects.

Various types of questionnaires for the measurement of organisational culture, ethical climate, ethical leadership and associated variables have appeared and are being used by scholars and researchers in various contexts (Yukl et al., 2013). Some of the key questionnaires and measurement scales relevant to the present study have been compiled, as shown in Figure 1.3 on page 25 of thesis, during the short literature review. This has helped to determine their potential relevance for measuring the proposed macro, meso and micro variables under study (Charles & Harrison, 2010; Cullen, Victor, & Bronson, 1993; Kalshoven, Den Hartog, & De Hoogh, 2011; Kaptein, 2008a; Most, 2005; Novelskaite, 2014; Sashkin & Rosenbach, 2013; Yukl et al., 2013).

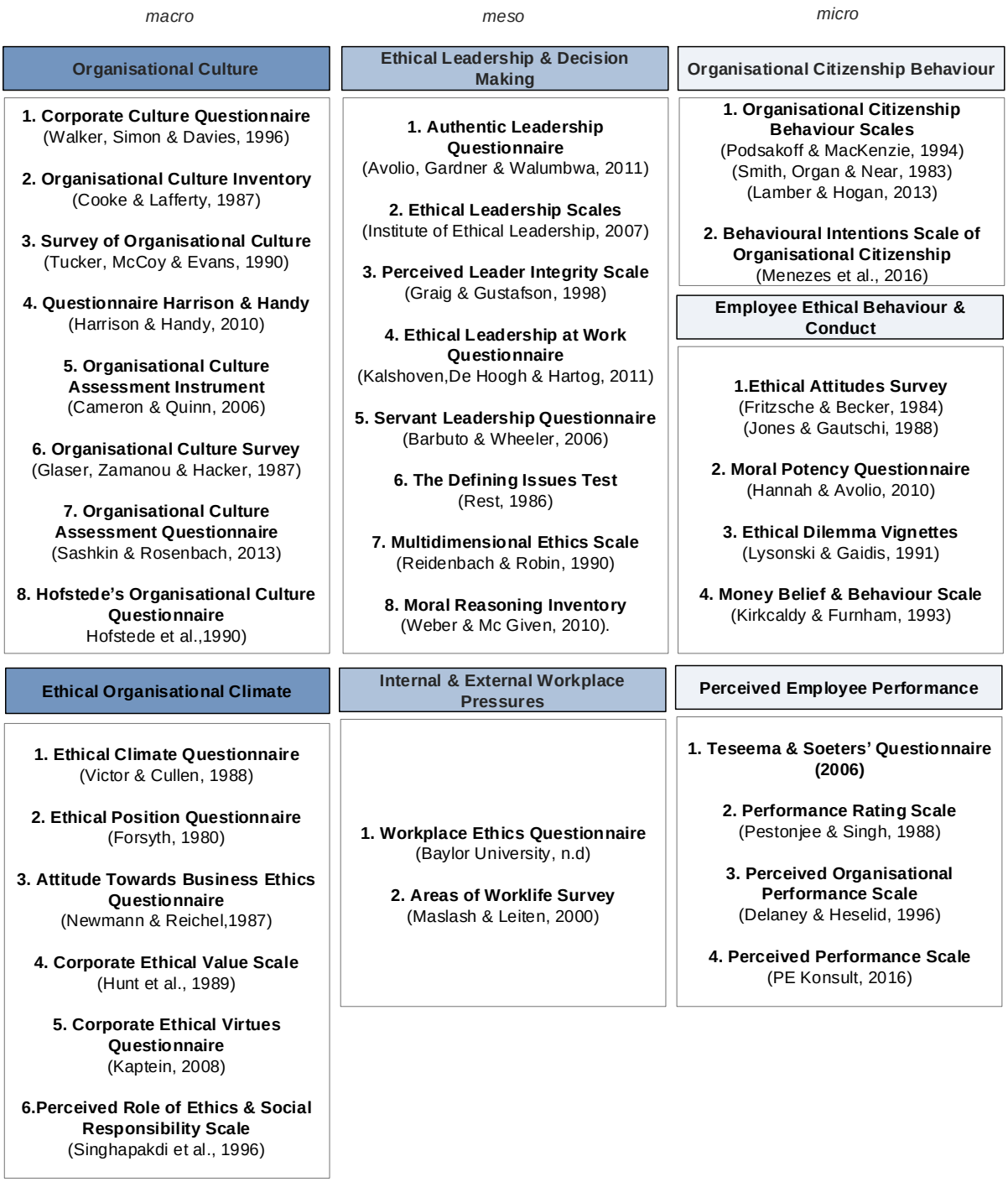


Figure 1.3. Potential relevant instruments for the assessment of the independent, mediating and dependent variables.

The above listed instruments focus on multiple and diverse culture dimensions. It is therefore fundamental to factor the appropriate instruments into the design to ensure compatibility between the instrument and the aims, model and constructs of the underlying study.

Considering the scope and complexity of the current study, it is unlikely that any single instrument will suffice on its own to provide a valid and reliable assessment of the effects of organisational culture and ethical organisational climate on the dependent variables through the meso components.

For the purpose of this present research, a master questionnaire was put forward and adapted based on valid and reliable instruments, having gained broad adoption internationally (re. potential list of instruments provided in Figure 1.3 on page 25), to measure the dimensions and variables being studied. An evaluation of these instruments was undertaken and the valid and reliable set of items that most suit the research objectives were used. The compiled questionnaire was marginally adapted with the addition of few items to comprehensive cover and respond to the research questions whilst retaining the underlying instruments' validity and reliability strengths. The use of the underlying instruments for this study was subject to all necessary clearances being obtained from the developers. Furthermore, the reliability factor was ascertained through the assessment of the Cronbach's alpha coefficient (Brown, 2002).

1.6.3 Target Population

The present study focused on Mauritius, a country located in the Indian Ocean in the so-called "golden triangle" connecting Africa, Asia and Australia.

The specificities of Mauritius make it a complex but interesting context characterised by:

(a) Its plurality of cultures (originating primarily from Asian, African and European continents);
(b) Its history which evolved from a colonial background to an independent democratic republic state;
(c) Its economic, social, political and governance specificities;
(d) Its population of some 1.3 million inhabitants, country size and industry diversification;

(e) Its high literacy level and strong economic development profile in the African and global leagues. It is ranked 1st in Africa in the following Index (Economic Development Board Mauritius, 2021):

- *World Bank Doing Business 2020*
- *Global Competitive Index 2019*
- *Mo Ibrahim Index of African Governance 2020*
- *2018 Index of Economic Freedom*
- *Social Progress Index 2019*
- *Forbes Survey of Best Countries for Business 2019*
- *Economic Freedom of the World 2020*
- *Democracy Index 2019*
- *Global Innovation Index 2020*
- *International Property Rights Index 2019*

The aim was to study “large” establishments in the multi-cultural and cross-industry environment of Mauritius. In its report, Statistics Mauritius (2017), which is the official government statistics body, reported its sixth census on economic activities from 2013 to 2015, with 2013 being the reference year. Such a census is conducted every 5 years with the last one undertaken in 2018. The 2013 census covered 127,000 establishments (referred to as ‘production units’) of which 2,200 (2%) were classified as “large” establishments engaging at least 10 persons across various industries. These were considered as the largest contributors to economic development of the country; the remaining being small and itinerant engaging less than 10 persons. Furthermore, the “small” establishments were relatively unstructured and in a majority of cases were sole traders or smaller units of activities thereby making the “large” establishments a better population for the research of the kind being envisaged.

The 2013 census did not provide a complete view as it did not cover “large” establishments in certain specific industries such as agricultural, forestry, fishing and others. In 2016, another survey conducted by the responsible government body provided a broader and updated view of the population of ‘large’ establishments to having reached 2,534 as shown in Table 1.1 on page 28 of the thesis (Statistics Mauritius, 2017a):

Table 1.1

Large Establishments by Industry Group

No.	Industry group	No. of Production Units
1	Agriculture, forestry and fishing	110
2	Mining and quarrying	23
3	Manufacturing	585
4	Electricity, gas, steam and air conditioning supply	7
5	Water supply, sewerage, waste management and remediation activities	10
6	Construction	111
7	Wholesale and retail trade; repair of motor vehicles and motorcycles	457
8	Transportation and storage	90
9	Accommodation and food service activities	196
10	Information and communication	92
11	Financial and insurance activities	145
12	Real estate activities	33
13	Professional, scientific and technical activities	178
14	Administrative and support service activities	118
15	Public Administration and defence; compulsory social security	40
16	Education	176
17	Human health and social work activities	58
18	Arts, entertainment and recreation	74
19	Other Services	31
	TOTAL	**2,534**

Note. Source: Digest of Labour Statistics 2016, Statistics Mauritius, Ministry of Finance & Economic Development

Undertaking a pilot exercise was also considered necessary to test the effectiveness of the process before embarking in a full data collection process.

1.6.4 Delimitations

The “small” establishments, that is, production units employing less than 10 persons, did not form part of the study given their relatively unstructured nature, where the majority of cases were either sole traders, one-man companies or smaller units of activities with very limited structures and systems to suit the purpose of this study.

1.6.5 Sampling Method

Researchers generally have to choose between probability and non-probability sampling methods. Whilst the former enables the researcher to make probability-based confidence estimates of diverse parameters, the same cannot be said with non-probability samples (Cooper & Schindler, 2014). Probability sample is often preferred and considered as the "gold standard" for representative samples (Neuman, 2013). For the context of this study, probability sampling design was favoured. Amongst the various complex probability sampling techniques of Systematic, Stratified, Cluster & Double sampling, the choice was funnelled down to Stratified and Cluster sampling, the choice of which largely depended on the homogeneous or heterogeneous nature of the groups being studied. Furthermore, the efficiency and precision gains offered by cluster and stratified sampling respectively make them reliable choices.

Table 1.2

Target Population & Sampling

Target Population *Based on 'Large' Establishments across industries in Mauritius (re. Table 1.1)*	**2,534**
Sample Size *Based on Target Population, Margin of Error of 5% & Confidence Level of 99%*	**526**

Note. Source for target population: Digest of Labour Statistics 2016, Statistics Mauritius, Ministry of Finance & Economic Development

1.6.6 Validity

The validity of a research study refers to the degree to which conclusions are sound (Terre Blanche et al., 2006). Validity can be viewed from an internal or external perspective. Whilst internal validity is the ability to eliminate alternative explanations of the dependent variables, external validity is the ability to generalise research findings to settings outside of the immediate context (Neuman, 2000). Appropriate tests were undertaken in Chapters 3 and 4 to ensure the data set was valid.

1.6.7 Reliability

Gregory defines reliability as the consistency and dependability of the results of a research study (Gregory, 2007). To ensure reliability, there is a strong need to ensure

clear conceptualisation of the constructs and precise measurements using various indicators. The reliability assessment was undertaken in Chapters 3 and 4.

1.6.8 Variables

Variables are core to quantitative research as research investigations depend on their possible values. Leedy and Ormrod (2010) define a variable as *"any quality or characteristic in research investigation that has two or more possible values"*. The effect analysis is performed through the study of the independent (predictor variables) and the dependent (outcomes variables) both directly and through the mediating variables. The relevant independent, mediating and dependent variables subject to the present study have been conceptualised and presented in the table below:

Table 1.3

Examples of variables considered for the study

Independent (I) Variables	**Mediating (M) & Dependent (D) Variables**
Ethical Organisational Climate (I)	Ethical Leadership & Decision Making (M) Internal & External Workplace Pressure (M)
Organisational Culture (I)	Organisational Citizenship Behaviour (D) Employee Ethical Behaviour & Conduct (D) Perceived Employee Performance (D)

1.6.9 Statistical Models & Techniques

The present study aimed to empirically:

- Assess the nature of the statistical relationships between the *ethical context independent variables;*
- Assess the nature of the statistical relationships between the *ethical mediating variables;*
- Determine the interrelationships between the *ethical context independent variables* and *ethical mediating variables* and assess their effects on the dependent variables;
- To determine whether there was a good fit between the elements of the empirically manifested structural model and the theoretically hypothesised model.

Some of the statistical models and techniques used for the present empirical studies were Descriptive Statistics (Trochim & William, 2006), Correlation Test, Multiple Regression Test (Tabachnick & Fidell, 1996), Factor Analysis (Child, 2006), Goodness of Fit, Path analysis and Cronbach alpha, as applicable for the empirical tests.

1.6.10 Statistical & Other Tools

The use of IBM SPSS and Amos Software Packages, Hayes' Process Procedures for SPSS and Microsoft Excel tools enabled the statistical computations and analyses being undertaken. The Mendeley Desktop version 1.19.4 was used as a software tool for referencing purposes and Turnitin for originality checking.

1.6.11 Limitations

The main limitations of the study were:

(a) Gaining access to the targeted respondents of the various industries and their willingness to participate in the survey;
(b) The risk of having biased responses from the respondents due to the sensitive nature of the study; and
(c) Limited empirical research information available in Mauritius in respect of the topic under study.

1.6.12 Review of Professional & Academic Literature

The literature review undertaken includes a variety of educational and scholarly resources accessible through the UNISA online library and databases including other sources such as ResearchGate, ScienceDirect, EBSCOhost, ProQuest, Sage Journals, SSRN and Ideas. A more in-depth literature review is conducted in the subsequent chapter.

The research design and methodology is explained in further details in Chapter 3 of the thesis.

1.7 ETHICAL CONSIDERATIONS

Irrespective of the research topic, whether covering scientific, social, economic aspects or even ethics as a research subject, it is imperative for the researcher to observe, recognise and consider all ethical aspects pertaining to the said research (Neuman, 2013). This entails undertaking the research in an ethical manner whilst observing all such requirements, legislation, codes, standards and factors in relation to rights over the data and how can it be used, shared and protected. Some of the key practical factors and ethical considerations for the present study were:

(a) The required clearances for the use of the relevant instruments for this study;
(b) The ethical issues involved with the choice of the topic and research methods so that participation was made voluntarily, informed consent was obtained, and rights of the respondents were upheld to withdraw their responses from the data set should the need arise;
(c) The process to access the target group, gather the required relevant data and how they were processed, used, reported whilst ensuring confidentiality and non-disclosure was guaranteed;
(d) The commitment for authenticity in the research findings, providing of a fair view of the outcomes and a pledge not to cause harm;
(e) The time and funding requirements influence the scale of the study and the research methods being used. It was key to ensure that any funding raised through sponsors did not, intentionally or unintentionally, cause infringement to ethical standards. This issue was addressed by the research candidate through self-funding the survey exercise and not having recourse to any sponsors. Aspects such as conflict of interests were deeply observed and assessed in such cases.

Appropriate care and diligence were taken to avoid any form of plagiarism by ensuring all sources used during this research were acknowledged and referenced appropriately. An extract of the Match Overview Result is appended as documentary evidence of the outcome of the originality checking. The similarity index was found to be reasonable and acceptable as it falls within the accepted requirements of originality.

1.8 CHAPTERISATION

The outlines of the main chapters are proposed as follows:

- **Chapter 1: Scientific Orientation of the Research**

  This chapter provides an introduction of the thesis, problem statement, importance and scope of the study. It summarises how the research is designed to respond to the research questions both theoretically and empirically.

- **Chapter 2: Literature Review**

  This chapter undertakes an in-depth review of the literature to better understand the key underlying concepts, theories, models, constructs and empirical findings in relation to the scope of this study. It enables to spot the specific research gaps and frame a Conceptual Research Model to better evaluate and understand the dynamics of the independent, mediating and dependent variables being studied.

- **Chapter 3: Research Design & Methodology**

  This chapter formulates the research strategy and methodology to guide the empirical study in the multi-cultural and cross-industry context of Mauritius, with a view to fulfil the research objectives. The process for the selection and adaptation of the required instruments to be used for the survey is explained including how the survey will be undertaken. The proposed statistical analysis techniques required to achieve the empirical aims of this study are also described.

- **Chapter 4: Research Results & Interpretations**

  This chapter highlights the outcomes of the survey and the statistical significance of the research results so as to draw appropriate interpretations on the state of ethical culture, climate and practices, relationships and effects within the Conceptual Research Model, and on how well the data fits the model.

- **Chapter 5: Discussions, Recommendations & Conclusion**

  This chapter draws from the empirical findings to discuss and formulate appropriate recommendations that will empower the business community to elevate ethical standards and practices as well as foster organisational citizenship behaviour, employee ethical behaviour and conduct, and performance.

- **References** - Listing of all references used in the thesis

- **Appendices** – Questionnaire used for the survey and other support documents

1.9 RESEARCH JOURNEY

The time plan that guided the conduct of the research, including its various stages in the journey, is provided in Figure 1.4 below:

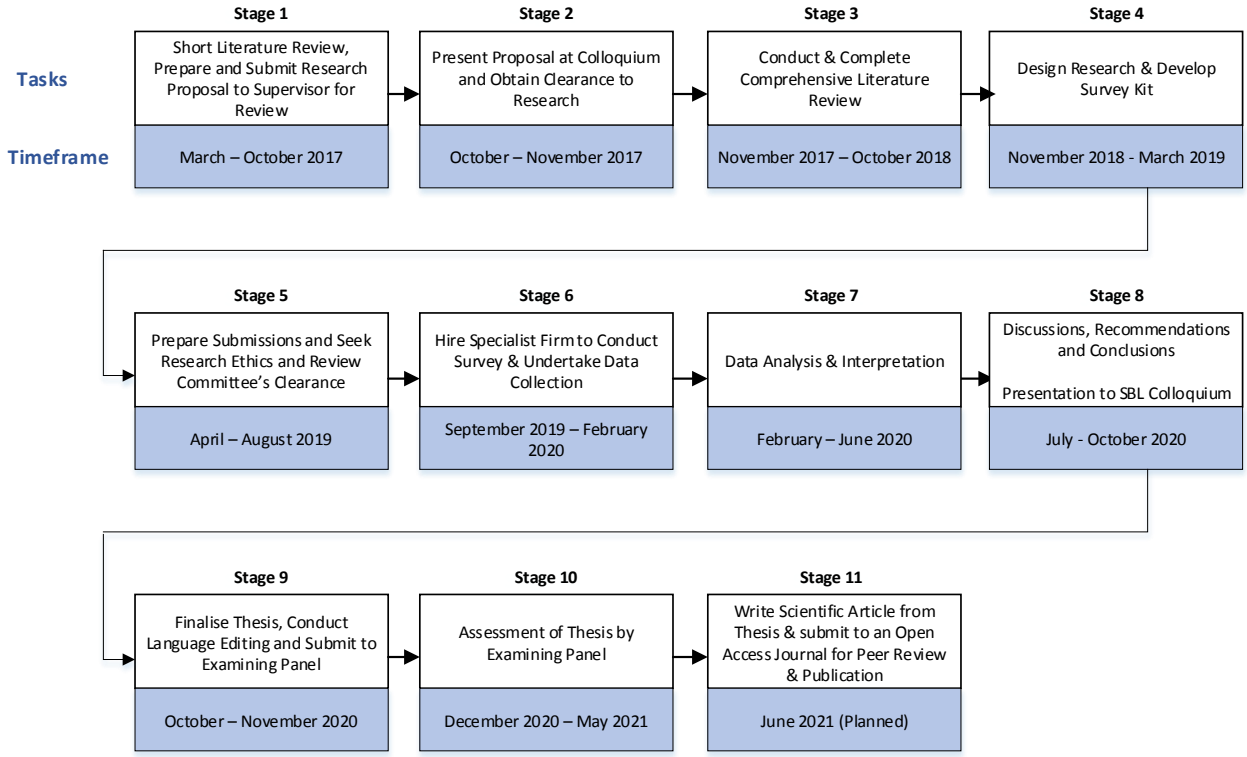


Figure 1.4. Time plan for the research study.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

An organisation is commonly regarded as a collective unit of people organised to work for a shared purpose, whether for an economic, social or political goal (Cambridge Dictionary, 2018). Such organisations of people can often take various forms such as a business, government, consortium, social institution, movement, federation, club, society or simply a family. In all such settings, one will find common elements such as:

- A **context** is often characterised by socio-economic and political settings;
- A vision, **purpose** or goal which needs to be attained;
- A **leader** whose role is to lead and guide towards attainment of the goal;
- An approach, system or **a way of doing things** that is embraced collectively;
- **People** with diverse profiles, values, abilities, behaviour, and motivation forming an integral part of the collective unit to achieve something for the organisation and also for their own good.

The above sets the scene of the key enabling factors that transform a simple group of individuals into a collective functional organisation with capabilities to attain broad objectives in a particular context. Each of these factors has its own vital bearing on the overall dynamics of how the organisation will function as a collective unit in the business community. This research work explored these vital factors, in a business context, on the basis of sound theoretical concepts and empirical findings.

Business leaders play a fundamental role in shaping a particular culture in the organisation whether formally (through policies, procedures, programs, systems, etc.) or informally (through their behaviours, actions, role modelling, language and communication, etc.). Thus, it is true that *"leaders create, maintain or change the cultural system by the way they say, do or support"* (Trevino & Nelson, 2014, p. 156). In other words, the way business leaders think, act, communicate, influence and direct their employees shapes the cultural dimensions in both formal and informal ways. The statement of Trevino and Nelson (2014) stems from the *social learning theory* whereby human beings learn from one another and their behaviour is shaped through

observation, imitation and modelling (Bandura, 1977). In business organisations, employees learn from their superiors and tend to mimic their behaviours as their role models. Whilst under such conditions, one would tend to learn the good habits, approaches and ways of doing things of their leaders, it is also true that the employees would acquire any odd practices displayed by their bosses. The way the leaders perform will therefore tend to dictate the organisational culture's orientation and how such culture, work environment and climate will evolve and be perceived by employees (Patterson et al*.,* 2005; Rousseau, 1988). Since the 1970s, several studies have been undertaken to identify organisational climate dimensions across different work contexts through the assessment of how employees perceive their work environment and cognitively appraise it. This has produced better understanding of the dynamics of organisational climate and how it influences the work environment, employee behaviour, performance and engagement at large (Campbell et al., 1970; Glick, 1985; James and James, 1989; Patterson et al., 2005).

Furthermore, founders of companies have often played the role of culture-creators with their deep vision, thrust, personal values, ambitions and decision making processes (Gagné et al., 2014). They often set the organisational ethos through their underlying behavioural and belief systems. The noteworthy resilience and success of the Southwest Airlines is a typical example despite the economic and industry downturn resulting from the 9-11 terrorists' attacks. The deep organisational culture instilled by its legendary founder (Kelleher) was central to the company's survival and achievements. This was a culture considered almost like a "religion" and is characterised by a blend of spontaneity, emotions, passion, cost-consciousness and financial conservatism in the way they do things (Serwer & Bonamici, 2004). Similar experiences of business transformation were noted in institutions such as General Electric (Welch), Apple (Jobs) and Google (Page and Brin). This was characterised by the specificities of their organisational cultures and dynamism instilled by the respective founders and leaders and revolved around creativity, execution, great people and virtues (Colvin, 2006; Galit, 2016; Gunther, 2004; Lashinsky, 2011). Moreover, the influences of founders in family-owned institutions are alike, as they set the pace and orientation of the culture they desire (Gagné et al., 2014).

Virtue is now taking an even more important place in research agenda, as leadership integrity issues, role modelling, corporate citizenship, health and safety, and environmental protection matters are gaining prominence. Business leaders have continually been under pressure to achieve economic goals and it is becoming even more relevant to understand how these are being achieved (Kaptein, 2008a). This naturally points to ethics in business and ethical leadership at large (Avolio et al., 2009). The two foundational elements of ethical leadership, i.e. being a *moral person* and a *moral manager* have gained considerable interest from researchers and have been found to be central to understanding the complex concept of ethical leadership (Trevino et al., 2000, 2003). A moral person demonstrates traits of honesty, integrity and trustworthiness, and these should be visible to the outer world in a consistent manner. Doing the right things, showing concern for people and living a personal moral life are typical behaviours of a moral person. Trevino and Nelson (2014) argue that this does not stop by just being a moral person as the latter simply indicates how the leader is expected to behave. It does not show how the leaders expect their employees to act unless the "moral person" in the leader also assumes the role of a "moral manager", thereby instilling an ethical culture in its subordinates. Holding the right communications, setting the proper expectations, promoting ethical practices, encouraging collective interests and fairness, and fostering conditions for organisational citizenship behaviour are typical of the moral manager.

Another important theory that supports the leader-follower relationship is that of the *social identity theory* whereby individuals associate themselves with social groups to enhance their own self-concept and self-worth (Islam, 2015; Tajfel & Turner, 1985). Such leaders help their followers gain self-esteem, who then identify themselves with their leaders and shape up their attitudes and behaviours accordingly (Becker et al., 1996). Thus, those employees who identify themselves with a social group, organisation or leader develop themselves so that their values become like such entities.

2.1.1 Strategy for Literature Review

The study of organisational culture, ethical organisational climate, ethical leadership and behaviour is so vast, and complex that it warrants the adoption of an appropriate literature review strategy to dissect its interrelationships, as well as to assess the

relationships and effects. To simplify such a process, Dopfer, Foster and Potts (2004) elaborated a universal model comprised of a conceptual "macro-meso-micro" framework. This framework is used as the guide to conceptually map the key variables for empirical study in the multi-cultural and cross-industry context of Mauritius.

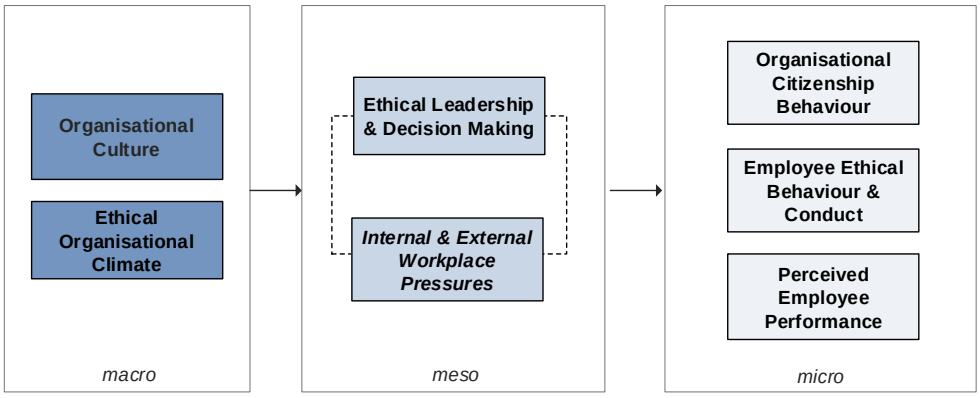


Figure 2.1. The conceptual research model within a macro-meso-micro framework.

The "macro" layer focuses on the broad variables such as organisational culture and ethical organisational climate, whilst the "micro" layer emphasises the granular variables such as ethical behaviour and conduct that are influenced by the intermediary mediating variables situated at the "meso" layer.

Thus, the conceptual model as shown above will form the guiding structure to conduct the literature review process being envisaged in this chapter.

The structure of this chapter is as follows, :

- It starts with a theoretical study of the underlying concept of culture, ethics, and their origins and perspectives which form the backbone of the study. This is prior to embracing a deeper theoretical exploration of the specific macro, meso and micro variables encapsulated within the conceptual research model. The topic under study is intrinsically related to ethics, therefore it is imperative to examine the sources of ethics and moral values and to consider the religious linkages both from a theoretical and empirical perspective. Next, ethics in business is examined, as numerous corporate scandals, failures and ethical deviances continue to be reported around the globe, thereby making ethics in

business a prominent item on the agenda of theorists (English, 2004; Treanor, 2009; Lee and Choa, 2011; Ciro, 2012).

- With the scene set on culture and ethics, it is key to also study how people within societies think and act, and any cultural and behavioural patterns amongst various countries. This will help to understand any relationship with the ethical challenges being faced by leaders in business communities. Thus, the study of national cultures and cross-culture studies which have taken place around the globe will form an integral part of the background study to enable evaluation of the ethical trends across countries as well as identify any potential macro issues which will help to explain the ethical challenges being faced in the corporate community on a multinational perspective (Alas, 2006; Ardichvilli, Jondle and Kowshe, 2010). This can also help to subsequently compare the state and pattern of ethical practices that emerge from the local context. This will constitute the steppingstone to embark on the background study of leadership theories (critical enablers in shaping work behaviours and environment). It will include deeper theoretical and empirical studies on the specific macro variables of organisational culture and behaviour, ethical organisational climate, and their relationship with leadership approaches and organisational performance. The main area of investigation is organisational culture, and the perception of organisational culture will be used as the measure within the study.
- Business leaders and executives are called to operate within a particular context and deliver on corporate goals and targets. This is often characterised by a pressure to meet shareholders' or other stakeholders' sometimes unrealistic demands. A burden therefore mounts on the person to find an equilibrium between attaining shareholder's goals and fulfilling their deontological duties (Ford, 2006). It sets the scene on "doing things right" and "doing the right things". Business leaders thus face the conundrum of how to meet the stretching demands of their bosses whilst ensuring that ethical standards and practices are not compromised (Knights & O'Leary, 2006). The aspect of ethical leadership and the process of how leaders make decisions in such contexts therefore becomes fundamental to the overall ethical foundations in business organisations. This leads to studies of the key

leadership theories, ethical theories and ethical decision making theories and how internal and external pressures, and the nature and intensities thereof, affect ethical leadership practices or cause a climate of anomy in the organisation. In the whole multitude of leadership theories, the objective was to study certain specific leadership approaches such as directive, self-leadership, authentic, situational, transformational and charismatic as compared to the likes of servant leadership and leader-member exchange which have been studied. The targeted ones supported by social learning and social cognitive theories formed an important part of the study.

- Ultimately, there existed a need to understand how ethical leadership, decision making, and work pressures mediate between ethical organisational climate and the micro variables such as organisational citizenship behaviour and employee ethical conduct. As the objective of this study was to contribute towards the body of knowledge, an empirical study in the multi-cultural and cross-industry context of Mauritius characterised by colonial, multi-ethnic, multi-cultural and diverse politico-socio-economic backgrounds could be of great help, as no such studies had yet been undertaken. A study of these contextual facets in this chapter would form an integral picture prior to embarking on-the-field studies. Given that there are many aspects that influence organisational culture, the aim was to also undertake empirical tests in Mauritius, to assess whether organisational size plays an influential role in shaping up particular types of culture within the enterprise. These findings could be compared with the key ones undertaken globally (Gray, Densten and Sarros, 2003; Man, Lau and Chan, 2001; Schneider, 1990b; Denison and Mishra, 1995; Julien, 1995).

To summarise, the theoretical exploration of the concepts of national and organisational culture, organisational ethics culture, ethical climate, ethical leadership and decision making, work pressures, organisational citizenship behaviour, ethical behaviour and employee performance, aimed to achieve the objectives set out under ***"Research aims 1 and 2"***. This served to understand the underlying cross-cultural dynamics and how these influenced behaviours in societies or organisations at large. It further helped to establish the degree to which cultural environment influenced employees' attitudes and behaviours and their ethical stances. The second phase of

the literature review helped to attain the objectives set under ***"Research aims 3, 4 and 5"***. The objective was to study theoretical models related to the ethical mediating variables (that is, ethical leadership and decision making, and internal and external pressures) and explore how they are conceptualised and their influence in the business context. The objective was also to explore the empirical findings on these ethical mediating variables and their interrelationships with employee ethical behaviour, employee performance, organisational citizenship behaviour, organisation commitment, employee engagement and satisfaction. The goal was to also obtain a broader understanding of what is happening on the global front with regard to ethical practices, the nature of issues being faced by leaders and their subordinates in various cultures, and the typical internal and external pressures affecting employees to depart from ethical norms and standards. The literature review also established whether these issues were related to cultures or nations, identify any patterns thereof, and ultimately funnel down to the study of the ethical issues in Mauritius. The objective was to also explore, study and identify whether there were any patterns between ethical issues on the global and local fronts. This laid a strong base from a literature review standpoint prior to embarking on the empirical study in the multi-cultural and cross-industry context and specificities of Mauritius. It enabled a response to be made to the research questions and to meet the 10 specific aims set out from an empirical perspective as articulated in the preceding chapter.

2.2 CULTURE

2.2.1 Introduction

As the concept of “culture” was central to the study being undertaken, it forms the starting point of the literature review process so as to establish a comprehensive platform on which other key intrinsically-related variables, forming part of the scope of the conceptual research model (Figure 2.1 on page 38 of the thesis), can be studied theoretically. This section aims to go to the roots of the culture theories, understand the perspectives of the “founding fathers”, and assess how they evolved over time into the contemporary cultural philosophies and models. This section further constitutes the background study of culture, highlighting its various facets and dimensions and also makes easier, the understanding of broader transnational specificities. This will ultimately form the basis for stepping into the study of the macro variables of the conceptual research model.

The concept of “culture” is based on a term first used in classical antiquity by the ancient Roman orator Cicero when he wrote on the cultivation of a soul *“cultura animi”* (Cicero, ca. 45 B.C.E./1812, p.273). The term appeared first in its current sense in the 18th and 19th centuries to denote the process of cultivation or improvement. Culture is defined as *“that complex whole which includes knowledge, beliefs, arts, morals, law, custom and any other capabilities and habits acquired by man as a member of society”* (Tylor, 1871a, p.1). Tylor’s definition is considered as one of the first anthropological definitions of culture. A revolutionary in an era characterised by colonialism and social evolutionism, he was the first to specify that culture is acquired through a learning process as compared to being biologically inherent. Acknowledging the complexity of the development of civilisation and difficulties in putting forward theories illustratively, he explored a broad spectrum of theoretical and philosophical aspects relating to culture in two comprehensive volumes of work. These covered areas such as the evolution of the culture (from prehistoric through barbaric to civilised life) and survival in culture (from superstitions to occult sciences and spiritualisation). They further included emotional and imitative language, the art of counting (from a state of arithmetic amongst uncivilised races through to its subsequent development), mythology, and animism with its underlying doctrine of soul (Tylor, 1871b).

The word “culture” may mean different things for different groups. Whilst for some it may be an appreciation of music, dance or food; for others in a biological sphere, it may mean a colony of micro-organisms growing in a laboratory for some specific tests; and for behavioural scientists it may simply be learned human behaviour patterns.

In the 19th century, the term “culture” was developed to generally refer to the betterment of individuals through learning. In the 20th century, however, “culture” emerged as a core concept of anthropology, where scientists applied the definition of culture to all societies, literate and non-literate, settled and nomadic.

Contemporary cultural theory has been made possible through significant earlier works of the so-called “founding fathers” such as Durkheim, Marx, Weber and Simmel (Smith, 2001). Their works provided a solid philosophical baseline from which culture was originally conceptualised and subsequently developed, thus enabling better understanding of culture from a sociological standpoint.

For example, Marx (1867) is generally seen as an anti-cultural theorist as he posited that historical materialism, the economy and economic forces drive both collective ideology and individual behaviour. He used the *“class-driven model”* of social organisation (i.e. owner v/s worker classes) to support his theory. From a Marxist perspective, the bourgeoisie (the ruling class of owners) shape the life and culture of the working class (Marx & Engels, 1945). He highlighted the use of *“alienation”* in all aspects of society.

Furthermore, Durkheim (1895) advocated two key concepts referred to as *“functionalism”* (societies analysed and described in terms of functions, interrelated, to restore social equilibrium) and *“positivism”* (a philosophical theory whereby knowledge is based on facts and empiricism). He stressed that society is very much a moral phenomenon and glued together by the sentiments of “solidarity”. He advocated that societies are characterised mechanical and organic types of solidarity. Societies where there is little tolerance for deviance and where conformity is the rule would be qualified as “mechanical solidarity”, where people would tend to think alike and do the same work. Societies characterised by high tolerance for differences and division of labour (role diversity) would be qualified as organic solidarity. He also stressed the concept of “collective conscience” to depict shared moral awareness in societies, and

suggested that sentiments, emotional life, moralities, culture and behaviours work towards generating social order and integration. He argued that when there is social disintegration or dislocation, people will experience “anomie” (that is, a lack of usual social or ethical standards in an individual or group) (Durkheim, 1897). He also stressed that moral ties and sacred goals (with the study of religion) are critical in this modern era characterised by the prevalence of materialism and rapid social changes. To summarise, he advocated that culture brings social consensus or social integration where people feel a strong sense of group belonging with the aid of music, chants, rituals, artefacts, etc. as they bring collective and emotional vitality.

Another perspective worth exploring is that of Weber (1922). Materialistic in approach and characterised by the realities of power and economic development, Weber advocated a *“Verstehen”* (understanding) approach to identify and recognise the underlying issue that forces or influences someone to act in a particular way. In other words, one needs to uncover the motive and intent behind an action (Weber, 1922). He further presented two contrasting modes of action:

- **Value-rationale action** – mainly driven by culture beliefs, goals and a quest for religious salvation for one’s own sake or value through forms of ethical, aesthetical and religious behaviour.
- **Goal-oriented action** – mainly driven by norms of efficiency, that is, means of attaining specified goals but with a lack of an overarching moral and cultural direction.

Over and above the effects of power and dominance on culture, Weber also highlighted the concept and influence of “status” in a society where people are sharing a common style of life and social prestige. This in turn directs the behavioural responses and actions of individuals in the society (Weber, 1922). In the late 1990s and in an attempt to explore further perspectives, a rather broad but simplistic definition of culture was provided as *“an entire set of social norms and responses that condition people’s behaviour”* (Rodrigues, 1997).

In more recent times, the definitions of culture did not evolve much from what was originally put forward by various gurus except that some of the recent definitions focused more on the ,customs and traditions of people. In this context, the Cambridge

Dictionary (2018) defines culture as being "*the way of life, especially the general customs and beliefs, of a particular group of people at a particular time*", whilst Kottak (2013, p.5) defines culture as *"the traditions and customs transmitted through learning, that form and guide the beliefs and behaviour of people exposed to them"*.

Hofstede, Hofstede and Minkov, (2010, p.6) defined culture as, *"the collective programming of the mind distinguishing the members of one group or category of people from others",* the distinction that is created between groups of people simply by their collective philosophy or school of thoughts*. Furthermore,* Hofstede (2015) saw culture as *"shared and transferable perceptions, values and practices".* He suggested that culture is useful when it is shared, otherwise it will be an element of the individual-level construct such as personality, experience, character, etc. and not culture, per say. However, individuals carry culture around in their values and practices.

Another way of understanding culture is to think of the "nature versus nurture" debate whereby "nature" refers to our biology or genetics and "nurture" refers to our learned behaviours and other environmental factors influencing our identities (Hernandez & Blazer, 2006). In a bid to establish the relationship, academia has acknowledged that "nature" and "nurture" influence each other (Collins et al., 2000).

2.2.2 Common Characteristics of Culture

Kottak (2013) highlights key facets of culture namely:

(a) **Culture is learned** – If behavioural sciences are explored from a broader perspective and complex learned behavioural patterns are examined, it will be clear that the human race is not the only species demonstrating learned behaviour. Many other animal species teach their young how to live and survive, based on their own learning and existence. In the opinion of many scholars, researchers and anthropologists, culture is acquired through the process of conscious and unconscious learning ("enculturation" when learning one's own group culture; "acculturation" when learning another group's culture) and by being exposed to cultural traditions, and not through biological inheritance.

The culture learning process happens through observation, imitation, reward and punishment, and this starts from birth onwards (Eliot, 2009). This process is also

intrinsically linked to learning about group's dynamics. The length of time over which the culture has been acquired will dictate how deep it is and how easily it can change. Such deep cultures are harder to change as they are encrusted within the unconscious shared values. However changing pressures on a group can influence a change in its culture no matter whether this is deeply ingrained or not (Hofstede, 2015). Moreover, changes within leaders, and economic pressures are likely to influence culture changes.

(b) **Culture is symbolic** – The environmental settings often indicate the particularity of the culture. Consisting of tools, implements, utensils, clothing, ornaments, beliefs, rituals, games, work of arts, and language , one can ascertain the socio-cultural characteristics of the group from these symbolic traits (White, 1959).

(c) **Culture is shared** - Based on the process of enculturation, culture is transmitted from ancestors to subsequent generations thereby moulding the behaviour of the people in a consistent way as inherited from their immediate surrounding members (Kottak, 2013; Schein & Schein, 2017; Schneider, 1990a). Furthermore, the culture change happens through processes of *diffusion* (the borrowing of traits between cultures, directly or indirectly), *enculturation/acculturation* (the exchange of cultural features occurring through first hand contact) and independent invention (the creative abilities of humans in finding innovative solutions to problems).

(d) **Culture is all-encompassing and integrated** – Culture is not just a collection of customs and beliefs, but it rather integrates a set of values, ideas, symbols and judgements. It encompasses a broad set of features beyond taste, degree of sophistication, education level and appreciation of fine arts and fabrics, etc. (Ferraro, 1998).

(e) **Culture is instrumental and adaptive** – In general, people tend to adapt to a particular socio-cultural context through the learning process and specially when they are interacting often. They use culture to fulfil their fundamental needs whether being basic, psychological or emotional. Over time, groups of individuals have built and adapted to their own environment and have gradually passed down

their customs, traditions and practices to the next generation (Harris & Moran, 1979).

2.2.3 Culture Dimensions

Over the years, more so since the 1960s, there have been several cultural dimensions used for cross-cultural study, analysis and comparisons. Many of the studies conducted between 1960 and 1979 were based on three common dimensions namely *geography, language and religion.* However, more recent ones, especially those of Hofstede (1980) and House et al. (2004) were much broader in perspective, covering four and nine culture dimensions respectively (Alas, 2006; Ardichvili et al., 2010; Hoppe, 2011; Ronen & Shenkar, 1985).

In the earlier studies, researchers and scholars used *geography, language and religion as* primary dimensions for culture evaluation. *Geography* and culture are interdependent. Clothing, customs, languages, food, housing architecture, lifestyles and tools are largely dictated by geography and prevailing climate in the regions where people live. Life alongside sea coastal regions tends to influence their inhabitants and residents to rely on fishing and adopt culinary habits rich in seafood. Similarly people living in mountainous or cold regions develop different cultures (often isolationist in nature) relying on raising sheep for wool and other animals and vegetation for their living (Rugman & Collinson, 2009). Culture and lifestyles in developed cities are, very different from people living inland, along seacoast or mountainous regions, and this would tend to even vary from city to city. *Language,* another primary dimension of culture, can be viewed as its verbal expression. It ties people together and enables an environment for exchange and participation. Rugman & Collinson (2009) described Benjamin Lee Whorf's theory of linguistic relativity which advocated that language shapes the way we think, and that one would tend to see the world differently depending on the language one speaks. For example, Japanese was viewed as an isolated language, much like their people who remained closed off from the world in the 1700s. This translated into their earlier type of conservative behaviour, but it now seems that the Japanese are moving away from their reliance on conservatism. *Religion* is another major primary dimension that shapes the belief systems of people and influences culture through shared core values. In certain religions, rites and rituals guide individual behaviour. For instance, in Christianity wine is consumed as part of

the ritual practice, while in Islam, this is completely forbidden. Likewise, the dietary practices in Indian and Chinese cultures are largely different due to their respective religious distinctions (Ghemawat & Reiche, 2008).

Hofstede (1980) proposed four dimensions used for classifying international differences in a society's work related values namely *power-distance, uncertainty avoidance, individualism* and *masculinity* were identified and developed.

People with a higher inclination for *power-distance* indicate that they tend to accept centralised power and depend heavily on superiors' directives. On the other hand, a smaller *power-distance* demonstrates that people would rebuff centralised power and also expect to be involved in the decision making process. Higher power-distance translates into steep organisational hierarchies strongly influenced by autocratic behaviour from the top and with low participation of people (lower ranked) in decision making.

In societies with strong *uncertainty avoidance*, people call for structure, procedures and direction as they are unsettled due to uncertainty. In weaker *uncertainty avoidance*, people accept uncertain conditions, ambiguity and require autonomy with minimal structure. Rugman and Collinson (2009) classified Japan, France and Argentina in a high uncertainty avoidance cluster as these countries placed strong emphasis on rituals and procedures to control risks of uncertainties. This is compared to countries like India and Denmark which would be more inclined towards flexibility and informality.

Contexts where *individualism* is prevalent are often characterised by individuals who tend to look after their own interests over that of the organisations (e.g. United States). On the other hand, societies favouring tight integration of a group of individuals to evolve as a collective group would be characterised as *collectivistic* (e.g. China).

Societies could also be portrayed as being *masculine* or *feminine.* In the former context, males would assert themselves, be ambitious and undertake competitive roles in the society (Hofstede, 1980). Countries like Germany, the United Kingdom, Mexico and Japan would be characterised as masculine societies, whilst countries like Sweden, Denmark and Netherlands would be characterised by feminine values of caring, relationship, modesty and quality of life.

In high-context cultures, prevalent in China, Japan, Spain and Arab countries, people value personal relationships first and make agreements based on trust, unlike in low-context cultures, such as in Italy, UK, North America and Germany, where people get down to business and favour everything to be dictated by legal structures and contracts valuing expertise and performance (Hall, 1976).

The GLOBE project measured nine core cultural dimensions namely: *Uncertainty Avoidance, Power-distance, Institutional Collectivism, In-group Collectivism, Gender Egalitarianism, Assertiveness, Future Orientation, Performance Orientation and Humane Orientation* (House et al., 2004). Uncertainty Avoidance and Power-distance are also similarly featured in Hofstede's dimensions. The latter further treated aspects of gender and collectivism/individualism. However, it is worth exploring the perspectives of House et al. (2004) at least on the dimensions absent or covered differently by Hofstede.

Institutional Collectivism determines the degree to which institutional practices favour and reward collective efforts in a particular society or organisation. Here the social institutions play an active role (e.g. Japan, South Korea) as opposed to where the role of such institutions is relatively less active (e.g. Italy and Argentina). *In-group Collectivism*, on the other hand, establishes the degree to which persons express their own pride, loyalty and unity within their organisation or family cluster. *Cohesion* is central to in-group/in-family collectivism and is more prevalent in countries like India and China as opposed to Sweden and Denmark. *Gender Egalitarianism* assesses the degree to which society promotes gender balance with a view to providing equal chances to both genders. *Assertiveness* is used to determine the degree to which people in organisations and society assert themselves in the face of confrontation, negotiation and interaction. Strong prominence of such an attribute exists in countries like the United States, Germany, Austria and Greece (Alas, 2006; House et al., 2004).

Future Orientation indicates whether people in a particular society or organisation have a forward looking mindset or thought process. Such cultures are prevalent in countries emphasise future-orientated planning, investment and execution activities so that the societies reap benefits in the long run rather than immediately (e.g. Singapore, Switzerland and Netherlands). This propensity of holding visionary flair and

undertaking long range planning and execution is relatively low in societies such as Italy, Argentina and Russia as per the GLOBE findings.

In societies characterised by *Performance Orientation* attributes, one would find a strong focus on collective performance improvement behaviours backed by reward mechanisms to motivate the group members to attain performance objectives whether at the organisational or national level. Typical countries demonstrating such cultural characteristics are the United States, Singapore and Hong Kong. A *Humane Orientation* measures the degree to which the society or organisation values fairness, generosity, kindness and altruism, and rewards such behaviours. Malaysia, Ireland and Egypt were countries that showed high levels of humane orientation (House et al., 2004).

Trompenaars and Hampden-Turner (1997) presented seven cultural dimensions based on earlier works of Hofstede. They used a comparative model measuring relativeness on seven dimensions: *Universalist versus Particularism, Individualism versus Collectivism, Neutral versus Emotional, Specific versus Diffuse, Achievement versus Ascription, Attitude towards Time* and *Attitude towards Environment. Universalist* cultures are fundamentally driven by the application of regulations irrespective of particular conditions or circumstances. *Neutrality* (objectivity used for decision making, based on facts and data) versus the use of *Emotions* (subjectivity used in the decision making process, based on intuition, feelings, opinions) is another dimension used to obtain the underlying basis of people's culture on what guides them for making decisions. The *Specific versus Diffuse* cultural dimension rates the tendency to limit people's engagement, relationship and support within the workplace (specific) or beyond (diffuse and extended to social situations). *Achievement versus Ascription* evaluates how people appoint, promote and reward others, that is, whether status is earned on the basis of merit/performance (*Achievement)* or based on their seniority, gender, religion or ethnicity *(Ascription). Attitude towards time* and *Attitude towards environment* evaluates how people or the society react to time (punctuality, sequential or synchronic in nature) and the welfare of the environment respectively.

2.2.4 Universality, Generality and Particularity of Culture

Culture can also be analysed from various perspectives based on the degree to which they are universally, generally or specifically accepted. For example, while culture will likely vary from continent to continent, country to country or community to community, there is nevertheless another perspective where it exists as ‘cultural universals’. Here, learned behaviour patterns are shared by the whole of mankind (e.g. raising children in sorts of family setting, or distinguishing between good and bad behaviour). It can also be seen as a state when a pattern, trait or institution is common to all human cultures worldwide.

Generality in culture is characterised by certain cultural traits being visible in many societies but not in all of them. In other words, though the cultural traits may be prevalent, they are not necessarily embraced and lived by everyone. The concept of family can be one such example demonstrating the generality aspects, where family would be restricted to nuclear boundaries in a Westernised culture, whilst the same concept of family would span over much larger groups of people when seen in Eastern or African cultures.

The *particularity* nature of culture implies that it is not widespread but confined to a specific society, group or place and sometimes can be in the form of a “sub-culture” native to a particular group of people within a society. An interesting phenomenon is that people tend to have cognitive biases about themselves and to the groups they belong whereby they tend to favour their own groups at the detriment of others (Smith et al., 2013).

2.3 ETHICS: ORIGIN AND PERSPECTIVES

2.3.1 Introduction

The macro layer of the conceptual research model is comprised of the "Organisational Culture" and "Ethical Organisational Climate" variables. Both of these constituent parts rely on the underlying concepts of "culture", which were explored from a background perspective in the preceding section, and "ethics", which will now be the subject for review. The culture that permeates the organisation is intrinsically linked with the degree to which moral behaviour and ethical standards prevail, usually nurtured by founders and leaders. The prevalence of moral behaviours and ethical standards within the organisation will dictate the ultimate type of work climate amongst the employees. For this reason, it is fundamental to embark on the study of "ethics", the second background feeder to support the study of the key variables in the conceptual research model. The aim of this section is therefore to introduce the concept of "ethics", draw from its origin, and study the theoretical and empirical relationship with religion prior to exploring its importance in the business world.

"Ethics" emerges as a critical facet in the overall behavioural dynamics of people. It forms an integral part of how individuals think, respond, and act within organisations and societies. To understand the interplay of ethics within the organisational context, it is important to grasp its various definitions, theories, perspectives and roles so that one can evaluate its effects in the business context.

Ethics is defined as *"the principles, norms and standards of conduct governing an individual or group"* (Trevino & Nelson, 2014, p.18). Emphasis was laid on the aspect of "conduct" which is subject to the influence of the work settings, the values of the leaders and managers, and the overall cultural context. Trevino and Nelson (2014) also presented ethics as *"a set of moral principles or values",* which can be highly personal and relative in the sense that it varies from person to person. In other words, what might be perceived as morally correct for someone may not be for another one, and this is seemingly more prevalent in different context, societies and cultures.

MacIntyre (1998) provided his views on ethics and positioned right and wrong moral behaviours, moral concepts and moral language as being instrumental in the fulfilment

of duties towards stakeholders in a socio-economic context. Another view of ethics can be considered as *"the society's perception of what is right or wrong"* (Parboteea & Cullen, 2013).

2.3.2 Ethics: The Origin and the Religion Perspectives

With a view to properly understand the behavioural pattern and moral compass of people in a society or in an organisation, it is important to go the roots of ethics foundation. Ethics and moral values find their origin from diverse holy books and epic poems in various religions at the beginning of the world literature (Hare, 2014). Though moral and ethical values are often used interchangeably, there is nevertheless a subtle difference in the sense that moral values refer to first order-beliefs and practices about good and evil, whilst ethics are second-order beliefs reflective of moral beliefs and practices (J. P. Sun, 2011). Furthermore, morality tends to focus on personal values whilst ethics emphasise more on collective beliefs.

Most religions put forward vital teachings about ethical behaviours.

In Christianity, *The Ten Commandments* guide what is considered as unethical and play a vital role for believers and followers (Coogan, 2014). *The Bible* prescribes many such ethical principles, some of which are provided below (King James, 1611):

- (20:4-6) - the stewardship role each and everyone needs to play for the good of individual human beings and the society, and the need to work according to God's standards of what is right and wrong
- (20:7) – specifying the right set of characters and behaviours that need to be upheld such as compassion, grace, love, faithfulness, forgiveness and justice (honouring right set of values)
- (20:12) – the duty to bring stability in the family and society at large (social responsibility/citizenship behaviour)
- (20:16) – the duty to provide the right and truthful view (veracity) and not give false testimony (ethical conduct)

Likewise, in Islam , several such duties, qualities, values and directives are set for people to adopt, be guided in living, and promote accordingly for the welfare of the

community (Sadeq, 2002). Some of the key ones from *The Quran* relevant to this particular study are (Itani, 2012):

- (2:195) – the duty to do good to others through charity and service (social responsibility/citizenship behaviour)
- (3:159) – right set of qualities to be nurtured and lived such as good natured, gentle, trustworthy etc.
- (17:35) – fair dealing and trade with no recourse of excessive charges and interests (usury/"riba") reinforcing ethical conduct in business practices

In Hinduism, several Vedic literatures have guided the behaviours and lives of people. *The Bhagavad Gita* underpins such philosophy and sets the ultimate goal one needs to achieve, that of attaining absolute perfection of the individual through the consolidation of the society and God's consciousness. It sets out many such qualities, values and duties that an individual needs to fulfil (Prabhupada, 1998):

- (16: 2-3) – prescribes 26 right divine qualities such as fearlessness, purification of the heart, self-control, giving charity, freedom from greed and envy, modesty, forgiveness, non-violence, patience, compassion for living beings .
- (16:21-22) – the need to give up lust, anger, greed (considered as three gates to hell) as they bring one's ruin.

According to Dharmasiri (1992), Buddhism is essentially practical in approach and stands as a means to attain the ultimate goal, that of happiness for oneself and for the benefits of others. Buddhist ethics are not founded on any commandments which men are forced to follow but are based on practical perspectives of the law of nature and the unchanging law of cause and effect *("Karma")*.The intrinsic relationship between the Buddhist ethical values and nature makes its principles useful to the world.

It was also noted that the major religions are characterised by monotheistic belief systems, and all contain moral principles providing similar moral orientation and guidance (Ali et al., 2000).

Field (1979) highlighted that religions impart society members with values, norms and practices which help to create what he coined as *"reciprocal expectations of*

predictability" and which, through continuous exposure and practice, eventually become taken for granted.

Since the early days of the moral foundation, and from ancient Greece through to the middle ages, ethics has continually received the attention of philosophers and scholars and has evolved conceptually over time (18th century with *"Kantian ethics"*, 19th century with *"Utilitarianism"*, and in the 20th century with the developments and debates on *"meta-ethics, applied and business ethics"*).

2.3.3 Ethics and Religion: The Relationship from an Empirical Perspective

Drawing from these religious sources and their moral teachings, the conceptual relationship between religion and ethics appears to be strongly present. Furthermore, Conroy and Emerson (2004) argued that people with a belief in God are less prone to engaging in unethical acts due to the fear of divine punishment. They apply a utilitarian approach in gauging the net effect of conducting something unethical versus the outcomes of such an act (gains/losses).

However, from further empirical studies, it appears that researchers and scholars have had challenges in reaching definitive conclusions about the relationships due to differing and mixed research outcomes (Parboteeah et al., 2008; Tittle & Welch, 1983; Weaver & Agle, 2002). These mixed results seem to be due to conceptual and methodological issues (Parboteeah et al., 2008).

Whilst Agle and Van Buren (1999) have found a small relationship between religious beliefs and corporate social responsibility, Hood et al. (1996) and Smith, Wheeler and Diener (1975) found no differences between the ethical behaviours of religious and non-religious individuals. Khavari and Harmon (1982) could not establish a positive relationship between the use of illegal substances and individual religiousness. Based on further empirical works, it was found that no relationship could be established between religiosity and ethical judgements of managers (Kidwell et al., 1987).

Parboteea and Cullen (2008) studied 63,087 individuals from 44 countries and also found that the cognitive, affective and behavioural components of religion were negatively related to ethics. Cognitive refers to the (knowledge aspect of religion),

affective (feelings towards religious beings, objects or institutions) and the behavioural (manifestations of being religious, e.g. through praying in private, participation to prayers at churches, temples or mosques)

2.3.4 Ethics in Business

In the early days, ethical theorists developed approaches geared towards standards of behaviour and codes of conduct. These were qualified as *normative* approaches (Beck et al., 2010; Chonko, 1995). Later, broader definitions were put forward by scholars and researchers. Business ethics is viewed as "*the rules, standards, codes or principles which provide guidelines for morally right behaviour and truthfulness in specific situations"* (Lewis, 1985).

Another view of ethical behaviour in business is considered as behaviour *"that is consistent with the principles, norms and standards of business practice that have been agreed upon by society"* (Trevino & Nelson, 2014, p.20). These two definitions cover broadly the similar aspects of principles, rules, norms, codes and standards required to guide behavioural practices in business. However, Lewis (1985) added a situational dimension to his definition whilst Trevino and Nelson (2014) gave a benchmark for measurement with what has generally been agreed by the society. This made it relatively easier for someone to gauge the ethicality of particular actions from the generally-accepted viewpoint of the society. *"The application of principles to govern and address moral matters arising in business environment"* is another perspective of work ethics (Huhtala, Feldt, Lämsä, et al., 2011).

Taking from these definitions, one would then tend to ask: what would constitute an ethical issue in business? To answer this question, reference is made to works of Ferrell and Fraedrich (1991), Berenbeim (1987) and Waters et al. (1986). According to Ferrell and Fraedrich (1991) *"an ethical issue is a problem, situation or opportunity requiring an individual or organisation to choose among several actions that must be evaluated as right or wrong, ethical or unethical".* From this one can gather that it can take the form of a problem, situation or opportunity and more importantly there is a need to apply a judgemental call to evaluate whether it is right or wrong (commonly referred to as *"ethical decision making"* by scholars and researchers). Vitell and Festervand (1987) suggested that it is an issue of conflict, that is, conflict between the

organisation's or leader's interests and one's own personal ethics (Jamnik, 2017). This conflict often leads someone to do something which is improper, referred to as "ethical deviance" or "ethical violations". Such a situation entails a pressure on the individual to depart from the right path and indulge in deviating from ethical principles. For example, a sales manager calling for his subordinates to generate sales at any cost to meet sales targets set by the organisation either for reward, recognition or fear of punishment. All this often leads to misrepresentation in sales to end clients (e.g. overpromising on delivery and/or product features/capability) with a view to close deals at any cost. In the same way, there are many other such forms of ethical issues also highlighted in a major report from "The Conference Board" (Berenbeim, 1987). The following seven issues came out as widely accepted key ethical issues faced by managers:

- *Employee conflicts of interest*
- *Inappropriate gifts*
- *Sexual harassment*
- *Unauthorised payments*
- *Affirmation action*
- *Employee privacy*
- *Environmental issues*

At a higher level in the hierarchy, CEOs gave their perspectives of what constituted ethical issues in the same Conference Board report. They see the issues in four main categories namely: *equity* (comparable worth/salaries, etc.)*, rights* (privacy, equal pay, equal opportunity, etc.)*, honesty* (employee conflict of interest, acceptance of gifts inappropriately, effecting unauthorised payments, etc.) and *exercise of corporate power* (product safety, environment issues, political action, etc.) (Berenbeim, 1987; Jamnik, 2017)*.*

Based on the research works conducted by Waters, Bird and Chant (1986), it was noted that the most frequent ethical or moral issues are in relation to the following five key stakeholders:

(a) Vis-à-vis ***Employees****: in respect of feedback on performance, work conditions and employment security, etc.*

(b) *Vis-à-vis* ***Peers and Superiors****: in respect of being truthful, telling the truth, loyalty and support, etc.*

(c) *Vis-à-vis* ***Customers****: in respect of being truthful, telling the truth about the products and service, collusion and questionable practices, etc.*

(d) *Vis-à-vis* ***Suppliers****: in respect of fair practice, impartial treatment, balanced relationship and unfair pressure, etc.*

(e) *Vis-à-vis* ***other Stakeholders****: in respect of adhering/respecting legal constraints, truth-telling in public relations and protecting stakeholder's interests.*

Thus, to ensure ethical practices prevail in organisations, there is a need to set (explicitly or implicitly) ethical guidelines, codes and standards that would guide the workforce in undertaking ethical work practices. Continuous education and coaching also play a fundamental role in permeating the right standards and ethical culture. Many researchers have also recommended the application of measures to recognise and reward ethical behaviours. The absence of teaching organisational members on ethics, or ethical behaviour and practices will simply encourage and fuel unethical behaviours in the medium to long term.

2.4 THE ROLE OF NATIONAL CULTURES IN SHAPING UP ORGANISATIONAL CULTURES

2.4.1 Introduction

A background review has been conducted on “culture” and “ethics” as the key underlying components for a comprehensive study of the macro variables of organisational culture and ethical organisational climate. Attention is now drawn to another important conceptual element, the “national culture”. The study of “national culture” is relevant and linked to why certain organisational practices, behaviours and cultures prevail in certain contexts and not necessarily in others. Several important across-country cultural comparisons have been undertaken, as they play a pivotal role in understanding behavioural patterns on the basis of culture dimensions. They include geography, language, religion, power distance, human orientation, collectivism, gender egalitarianism and the like which differ from country to country. The similarities and differences will provide insights to researchers, enable them to draw contextual conclusions about culture, organisational culture and ethical business culture. They will subsequently gain insights into patterns of ethical leadership, behaviour and standards across culturally-related countries. This section aims to explore the key aspects of across-country studies both from a general culture and ethical business culture perspective. It will extend from a broader transnational view down to the specificities of certain cultures so that more focused theoretical and empirical studies can be undertaken. The literature review of “national culture” will thus form another important part of the building blocks supporting the study of core variables of the conceptual research model.

In simple terms, national culture is described as a *“set of norms, behaviours, beliefs and customs that exist within the population of a sovereign nation.”* (BusinessDictionary, 2018). Trompenaars and Hampden-Turner's (1997) model of national culture differences reinforces the theory of culture and its dimensions and orientations. Culture will tend to vary between countries, between organisations and between groups. Culture can even vary within the same industry and same society.

To better understand how people within societies think and act, it is important to understand their origins, the philosophies guiding them over generations, and more

importantly the societies in which people evolve. Several cross-cultural field studies since the 1960s have come a long way to shed light on the complexity of national culture, and country-specific cultures have been analysed, assessed and classified. Typical cross-cultural studies were those of Haire Ghiselli and Porter (1966), Sirota and Greenwood (1971), Hofstede (1976), Redding (1976), Ronen and Kraut (1977), Badawy (1979), Griffeth *et al.* (1980), Hofstede (1980), Ronen and Shenkar (1985), Inglehart (1997), Schwartz (1999), Jackson (2001), House *et al.* (2004), Alas (2006) and Ardichvili *et al.* (2010).

These studies have come a long way to ensure that cross-cultural comparisons can be determined on a sound basis of socio-economic-cultural traits, thereby enabling sociologists, anthropologists, scholars and researchers to integrate, synthesise and draw appropriate contextual lessons and conclusions (Ronen & Shenkar, 1985).

Inglehart and Welze (2005) demonstrated that modernisation is the underlying cause for human development, where economic development gives rise to cultural changes fostering a climate of autonomy, gender equality and democracy. Furthermore, with the advent of internet and social networking, one can also note the behavioural changes happening in respect of telecommuting, cooperation and networking across geographical boundaries. The emergence of new trends and social habits is thereby calling for people across the globe to evolve and adapt differently.

An attempt has been made to compare cross-cultural studies undertaken over the last 50 years and a few important ones have been identified and adapted in *Annexure 1: Empirical Studies and Clustering of Countries on Attitudinal Dimensions*. Nine such studies have been compiled which have clustered countries as part of their respective designs.

The clustering of countries was done on the basis of national boundaries being a good delimiter for legal, political and social environments within which one operates. Furthermore, countries were assessed and classified on the basis of culture dimensions. Most earlier studies were based on the three key dimensions of geography, language and religion (Haire, Ghiseli and Porter, 1966; Sirota and Greenwood, 1971; Redding, 1976; Ronen and Kraut, 1977; Badawy, 1979; Griffeth *et al.*, 1980). To classify the nations being studied, the most recent ones, e.g. Hofstede (1980) and House et al. (2004) GLOBE study, used much broader culture dimensions

such as power distance, uncertainty avoidance, institutional and in-group collectivism, masculinity index, gender egalitarianism, assertiveness, future orientation and performance orientation.

The use of geography (as culture spreads first to place of birth), language (as it contains meanings and values likely to influence one's goals) and religion (as religious beliefs are associated with certain values and norms) was common amongst the earlier studies (Ronen & Shenkar, 1985). Where countries were grouped across continents, it was noted that values were mainly attributed to the prevalence of colonisation and immigration.

The countries in particular clusters shared many facets of the same culture and also tended to have a similar way of life and belief systems as shown in *Annexure 1: Empirical Studies and Clustering of Countries on Attitudinal Dimensions.*

2.4.2 Cross-Cultural Studies: The GLOBE Perspective

Generally regarded as one of the most comprehensive research programmes ever conceived on culture and leader effectiveness across the world, the Global Leadership Organisational Behaviour Effectiveness (GLOBE) was spearheaded by House et al. (2004). It studied the similarities or differences in norms, values, beliefs and practices amongst societies globally (Hoppe, 2011). The first wave of this study covered 62 countries and obtained responses from 17,300 middle managers from 931 organisations operating in the food processing, financial services and telecommunications sectors.

The second wave covered in-depth studies of 25 societies (Hoppe, 2011). This was built on the findings of Hofstede (1980), Schwartz (1994), Smith and Peterson (1995), Inglehart (1997) and others. The countries were assessed and classified based on nine established cultural dimensions *such as Power Distance, Uncertainty Avoidance, Human Orientation, Institutional Collectivism, In-Group Collectivism, Assertiveness, Gender Egalitarianism, Future Orientation and Performance Orientation* (House *et al.* 2007). These dimensions provided a sound basis to undertake comparative cross-cultural analysis and clustering of the different societies forming part of the study.

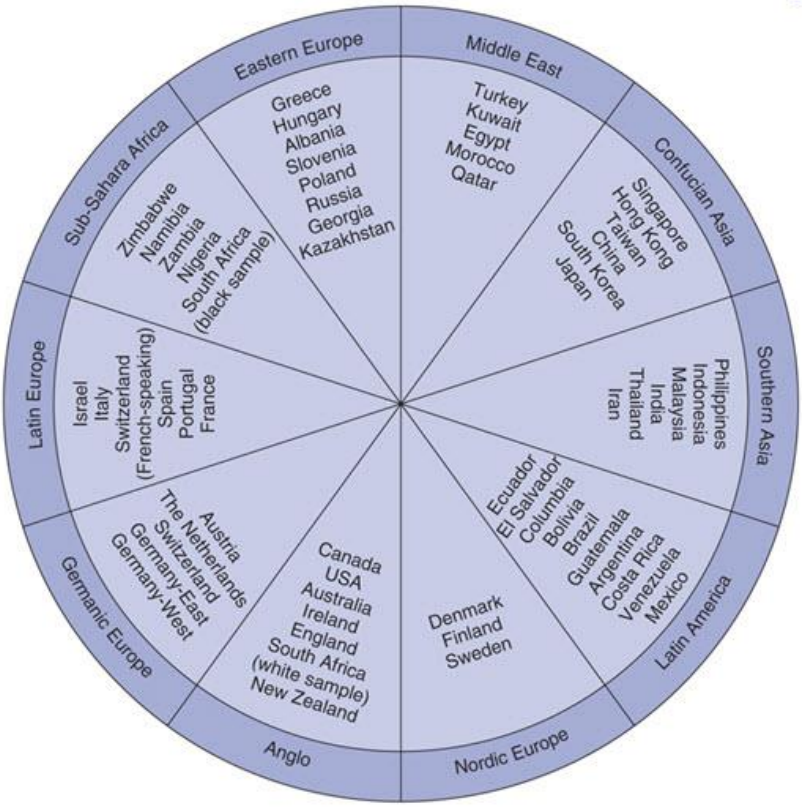
In Figure 2.2, countries with the largest cultural similarities were clubbed together and those which differed were mapped in relation to the degree of their differences (e.g. a completely different culture was set opposite, whilst the closer the clusters, the more similar they were in terms of culture settings). Typical examples of such opposing culture representations are demonstrated by Eastern versus Nordic Europe, Sub-Saharan Africa versus Latin America and Anglo versus Middle East in the GLOBE illustration.

Furthermore, Figure 2.2 also depicts the culture strengths and weaknesses of the respective nations and clusters based on their “world mean” scores. Higher scores indicate that the particular culture dimensions are very prominent amongst the corresponding clustered societies/nations, while lower scores indicate a weaker culture dimension.

For instance, the way of life of countries in the Anglo cluster (characterised by a strong cultural inclination towards Performance Orientation and Individualism) are very different from those in the Eastern Europe (characterised by strong culture for In-Group Collectivism and Gender Egalitarianism).

Likewise, cultures in countries of the Southeast Asian cluster have a stronger Humane Orientation in their culture (softer in approach) compared to Germanic Europe which are more driven by characteristics of Assertiveness, Future Orientation and Performance Orientation (harder in approach). Nations inclined towards Confucianism predominantly advocate In-Group Collectivism and also strongly support a high throughput and performance culture. Interestingly, these countries have not registered lower scores, particularly in the nine dimensions of the House et al.(2004) study thereby indicating a unique specificity in the Confucian-oriented cultures.

Another pattern emerging from the GLOBE study was a larger group of clusters on the global landscape (Confucian, Eastern Europe, Latin America, Middle East and Southeast Asia) which inclined towards In Group Collectivism. This concentration also demonstrated that the underlying cultural philosophy of Asians, Eastern Europeans and Latin Americans favoured a collective unit rather than individualism.



CULTURAL DIMENSION	HIGH-SCORE CLUSTERS	LOW-SCORE CLUSTERS
Assertiveness Orientation	Eastern Europe Germanic Europe	Nordic Europe
Future Orientation	Germanic Europe Nordic Europe	Eastern Europe Latin America Middle East
Gender Egalitarianism	Eastern Europe Nordic Europe	Middle East
Humane Orientation	Southern Asia Sub-Saharan Africa	Germanic Europe Latin Europe
In-Group Collectivism	Confucian Asia Eastern Europe Latin America Middle East Southern Asia	Anglo Germanic Europe Nordic Europe
Institutional Collectivism	Nordic Europe Confucian Asia	Germanic Europe Latin America Latin Europe
Performance Orientation	Anglo Confucian Asia Germanic Europe	Eastern Europe Latin America
Power Distance	No clusters	Nordic Europe
Uncertainty Avoidance	Germanic Europe Nordic Europe	Eastern Europe Latin America Middle East

Figure 2.2. The GLOBE study – Clustering, strengths and weaknesses.
Source: Adapted from House, et al. (2004).

The GLOBE study also revealed further insights on the leadership aspects prevailing in the respective nations/societies. On the basis of the large and diverse responses analysed (some 17,300 middle managers from 62 countries), 112 leadership traits were identified and measured globally. Based on the "world means", 21 leadership scales were determined and subsequently statistically reduced to 6 scales:

1. **Performance-Oriented style** – Generally seen as charismatic and value based; it depicts prevalence of high standards of output, decisiveness and innovation;
2. **Team-Oriented style** – Driven by team cohesion, loyalty and collaboration amongst members of the society;
3. **Participative style** – Fosters inputs from others in the decision making and execution processes;
4. **Humane style** – Stresses compassion for others and is supportive to those in need;
5. **Autonomous style** – Characterised by independent and individualist approaches to leadership
6. **Self-Protective style** – Focuses on safety and security of the individual and/or the group.

Figure 2.3 presents how social clusters in the GLOBE study have been rated in terms of their degree of inclination towards the 6 rationalised leadership styles:

		The 6 Rationalised Leadership Scales in GLOBE Studies					
		Performance Oriented	**Team Oriented**	**Participative**	**Humane**	**Autonomous**	**Self or Group Protective**
Degree of Inclination	**High**	*Anglo* *Germanic* *Nordic* *Southeast Asian* *Latin European* *Latin American*	*Southern Asian* *Confucian* *Latin American* *Eastern European* *African* *Lating European* *Nordic* *Anglo* *Middle Eastern* *Germanic*	*Germanic* *Anglo* *Nordic*	*Southeast Asian* *Anglo* *African* *Confucian*	*Germanic* *Eastern European* *Confucian* *Nordic* *Southeast Asian* *Anglo* *African* *Middle East* *Latin European* *Latin American*	*Middle East* *Confucian* *Southeast Asian* *Latin American* *Eastern European*
	Medium	*Confucian* *African* *Eastern European*		*Latin European* *Latin American* *African*	*Germanic* *Middle East* *Latin American* *Eastern European*		*African* *Latin European*
	Low	*Middle Eastern*		*Eastern European* *Southeast Asian* *Confucian* *Middle East*	*Latin European* *Nordic*		*Anglo* *Germanic* *Nordic*

Figure 2.3. Leadership inclination.
Source: Adapted from House *et* al. (2004)

As seen in Figure 2.3, Autonomous and Team Oriented leadership styles seem to be more prevalent in a larger number of societies as depicted by the House et al. (2004) study.

One of the most interesting elements that came to light from the GLOBE study is that, generally in the countries studied, people want their leaders to be trustworthy, just, honest, decisive (Hoppe, 2011).

2.4.3 Cross-Cultural Studies: The Trompenaars' Perspective

Trompenaars and Hampden-Turner (1997) conducted their cross-cultural research involving 15,000 employees from 50 countries, whereby the focus was on "cultural extremes and incomprehension that can arise when doing business across culture" (Rugman and Collinson, 2009). A comparison of where each country is positioned relative to others was compiled and adapted, and is shown in Figure 2.4:

Study based on Trompenaar's Culture Dimensions
(Relative Assessment & Classification)

Universalist	Individualism	Neutral	Specific	Achievement	Sequential
United States *United Kingdom* *France* *Belgium* *Italy* *Austria* *Germany* *Switzerland* *C.slovakia* *Canada*	*United States* *Switzerland* *United Kingdom* *Brazil* *Argentina* *Mexico* *Spain* *Austria* *Canada*	*Japan* *Indonesia* *Hong Kong* *Singapore* *United Kingdom* *Argentina* *Mexico* *Venezuela* *Spain* *Austria* *C.slovakia*	*United States* *United Kingdom* *France* *Belgium* *Austria* *Switzerland* *C.slovakia* *Australia* *Netherlands*	*United States* *Australia* *United Kingdom* *Canada* *Argentina* *Mexico* *Spain* *Austria* *Germany* *Norway* *Sweden*	*Sweden* *North European*
Particularism	**Collectivism**	**Emotional**	**Diffuse**	**Ascription**	**Synchronous**
Japan *China* *Indonesia* *Hong Kong* *Singapore* *Brazil* *Argentina* *Mexico* *Venezuela* *Spain* *Korea* *Russia* *India*	*Japan* *China* *Indonesia* *Hong Kong* *Singapore* *France* *Belgium* *Italy* *Germany* *Switzerland* *C.slovakia* *Egypt* *India*	*Italy* *France* *Belgium* *China* *United States* *Brazil* *Germany* *Switzerland*	*Japan* *China* *Indonesia* *Hong Kong* *Singapore* *Brazil* *Argentina* *Mexico* *Venezuela* *Spain* *Italy* *Germany* *India*	*Japan* *China* *Indonesia* *Hong Kong* *Singapore* *Venezuela* *Brazil* *Grance* *Belgium* *Italy* *Switzerland* *C.slovakia* *Egypt* *Turkey*	*South European* *Latin American* *Arabic States*

Figure 2.4. Country classification by Trompenaar's culture dimensions.
Source: Adapted from Trompenaar (1997) and Rugman & Collison (2009)

2.4.4 Cross-Country Studies: Ethical Business Culture

With a view to determine whether there is any link between the underlying ethical business culture and the broader nation's culture, an evaluation of the cross-country studies was conducted. Amongst the various across-country studies conducted on ethical business culture, the ones by Ardichvili, Jondle and Kowske (2010) and Alas (2006) are of particular interest. The former study was undertaken to survey 13 countries in the Europe, Asia and America and evaluate the responses of over 23,000 managers/ employees more particularly the prevailing ethical business practices. The key findings are analysed and commented on below:

The Anglo Cluster – Countries including the United States, United Kingdom, Canada and Australia formed part of this cluster given their common cultural heritages and close cultural dimension scales. Whilst other studies have confirmed these countries as being high in individualism and low in uncertainty avoidance cultural traits, it was noted that ethical cultures in these countries were based on the interrelationship between formal structures and systems, and senior leadership ethical behaviour. The authentic behaviours of leaders in supporting strong ethical standards and practices are seen as a major enabler in setting the right operating framework for maintaining ethical standards and combatting threats (Trevino & Nelson, 2014). The Anglo cluster comes out as being strongest in emphasising the development, implementation and enforcement of ethics standards and practices including setting out ethics-based mission statements, enforcement procedures for reporting ethics deviances as well as alignment to corporate values (Meyers, 2004; Trevino & Nelson, 2014). In an earlier study, it was found that corporations in the United States have properly institutionalised ethics guidelines and code of ethics with incentive systems to reward ethical behaviours (Trevino et al., 1999).

The China Cluster (including Hong Kong) – Heavily reliant on the foundations of Confucianism, the Chinese business leaders are guided by values originating from Confucianism of *"Ren"* (Compassion), *"I"* (Appropriateness), *"Li"* (Norms) and *"Chin"* (Wisdom) (Ip, 2003). Similar patterns were also found in Hong Kong, where leaders were driven by values and principles such as benevolence, harmony, loyalty, righteousness, humility, learning; all emanating from the Confucian/Ruism moral foundation (Cheung & Chan, 2005). Another key underlying the operating philosophy

of Chinese business leaders is that of trust. It was noted that they tended to rely more on trustworthiness of business partners than formalising business engagement through contracts or agreements (Koehn, 2001). This further demonstrates the influence of the Confucian value system on in the lives of the Chinese leaders and people at large. Emphasis is also placed on social harmony and nurturing of genuine relationships as these help in addressing sensitive issues openly (Chatterjee & Pearson, 2003). The importance of fulfilling one's own duties towards one's ancestors, elders and parents (filial piety) is also seen as fundamental in their behavioural system. Chinese business leaders are also very sensitive to upholding their prestige and honour by being right, successful and demonstrating stewardship in ethical behaviour and practices (Hwang et al., 2003; Koehn, 2001; Li et al., 2007). Also guided by collectivism, the Chinese businesspeople promote such moral values across their organisations, thereby reinforcing the ethical culture in the group and ensuring that deep routed socio-cultural phenomena continue within the organisation and society at large.

The Japan Cluster – Though Japanese cultural traits and ethical behaviours are also based on Confucianism; they have adopted their own ways in developing their society and ethical value system. Also based on the principles of harmony and benevolence (as seen in the Chinese culture), it was advocated that Japan however places more prominence on "situational ethics" and tend to rely on policies on business ethics to guide ethical decision making (Chung et al., 2008; Nakano, 1997). This ethical behaviour was found to be stronger in the Japanese business context compared to the one in the United States).

The Continental Western and Central Europe Cluster – The underlying cultural and historical diversity in this particular cluster makes it difficult to make a common view on the ethical approaches in Western and Central Europe. Already, France and Germany have been treated separately in other studies given their underlying cultural differences (Jackson, 2001). The ethical systems, approaches and practices prevailing in this particular cluster are somewhat different to the ones prevailing in the United States. According to Crane and Matten (2004), continental Europe places more emphasis on the application of legal frameworks to guide and control business conduct rather than on ethical systems (such as codes of ethics, ethical standards, etc.). This

is more prevalent in the United States given the magnitude of their budget allocation and policies towards the promotion of ethics systems and programmes (Mele, 2008). The Germans also viewed the ethical practices prevailing in the United States as being overly prescriptive and legalistic due to their strong belief system on law for all (universalism), irrespective of context/circumstances (Trompenaars & Hampden-Turner, 1997).

The Latin America Cluster – Countries in this cluster have been subject to a higher level of ethical violations, corruption, political instability, poverty and deviations from established religious and moral values (Arruda, 1997). Furthermore, the business culture prevailing in a country like Brazil is heavily characterised by paternalism, power concentration, loyalty to leaders and social cohesion whereby group leaders reward their supporters, through welfare strategies and social ethics, for their loyalty (Tanure & Duarte, 2005). One very interesting piece of ethical findings from Tanure and Dharte's (2005) study is that Brazilian leaders have embraced an "intermediary path" or "adaptation mechanism". This enables them to manoeuvre existing between a tight legislative environment and what is practically possible. In other world, people and businesses find a middle ground between what is and what is not allowed (referred to as *"jetinho"* in the Brazilian culture). This flexible approach brings with it possible benefits to the Brazilian business community but also exposes it to abuses by being in "grey" zone.

The Kingdom of Saudi Arabia and Middle East Cluster – As found in various across-country cultural studies, individual and business behaviours in Arab countries are largely (if not, totally) influenced by Islamic principles and moral values. Business transactions, within the cluster, are governed by the law of Islam and most dealings have to pass the moral filter test with traders obliged to provide full disclosures on their products and services in a fair and transparent way (Abbasi et al., 1989; Rice, 1999). Characterised by collectivism, countries in this particular cluster favour group cohesion, social welfare for all, and maximising social good. As such, business leaders tend to decide on the basis of what would yield maximum value for the organisation and society at large, and on what is right or wrong (Rawwas, 2001).

The India Cluster – India has been studied in comparison with the ethical culture and practices in the United States. The findings of Chakraborty (1997), Jackson (2001)

and Carroll, Brown and Buchholtz (2016) demonstrate considerable differences between these two cultures as to how they view ethical business behaviour. The business leaders in the United States are more analytical in their ethical decision making and rely more on normative ethics, while Indian businesspeople rely more on traditions and relations, and unconditional loyalty to their organisations. However, it was also noted that business leaders of these two states view profit/value creation as being the most important as compared to ethics in business.

To summarise, it was also found that:

- American and Indian business leaders are perceived to be promoting ethical cultures more than other societies. They also place more emphasis on shareholders' interests. This in itself, could be a form of pressure leading to ethical violations whilst fulfilling the demands of the shareholders (quest for profits versus ethics dilemma).
- Countries in the Anglo cluster have stronger policies and systems such as whistleblowing avenues to report ethical deviances.
- Indian and Saudi Arabian businesspeople seem to advocate an institutionalisation of ethical standards and behaviours within the organisations whilst ensuring their behaviours are aligned to corporate values.

On the basis of the GLOBE project, further empirical research was undertaken, on ethics in countries with different culture dimensions, by Alas (2006) with a group of 4,874 respondents from 12 countries. He classified the 12 countries into two groups namely ***Group-1*** (comprising of China, Poland, Hong Kong, South Korea, the United States and Hungary), based on cultural dimensions of *"Institutional Collectivism", "Future Orientation"* and *"Uncertainty Avoidance"*, and ***Group-2*** (comprising of Japan, Italy, France, Finland, Estonia and Spain), based on cultural dimensions of *"Assertiveness", "Performance Orientation", "Power Distance"* and *"Group Collectivism".* It was noted that countries in *Group-1* valued ethics more than those in *Group-2.* Societies with a lower inclination towards "Performance Orientation" valued relationship (e.g. for family and society), loyalty and belonging more than those societies driven by the quest for performance (Koopman et al., 1999). Similarly, societies with a higher inclination for *"Power Distance"* had lower degrees of

integration between social groups (Carl et al., 2004). The levels of motivation were higher amongst individuals in societies having a future-orientated culture.

The need to bring moral considerations into decision making was found to be crucial in developing ethical culture. People need to be trained on how to apply moral judgement in the process of decision making. Furthermore, the successful implementation of codes of ethics depends heavily on how it is integrated within organisational systems, the sort of rewards applicable for promoting and demonstrating ethical behaviours, and the type of consequences set for ethical violations. All these have been seen to be key enablers in nurturing the “right” ethical standards and practices in many countries where studies have been conducted (Alas, 2006).

2.5 ORGANISATIONAL CULTURE, BEHAVIOUR AND LEADERSHIP

2.5.1 Introduction

The foregoing sections highlighted the overarching importance of culture, ethics and national culture in the context of the present study. This chapter now describes the first cluster of the conceptual research model regarding the macro variables under study. The literature review, going forward, will focus on the specific variables of the model and how they all fit together in a wider puzzle. This section will explore the theoretical concepts of organisational culture and organisational behaviour management and study the dynamics in family-owned and non-family owned institutions. As the economic environment of Mauritius is widely dominated by family-owned companies, with a majority controlling the top 10 chart show (Business Publications Ltd, 2018), the objective will be to understand how this phenomenon in ownership evolves in the international arena. This will also help to identify organisational culture and behavioural patterns in relation to shareholding models and how far they can be compared to the ones in Mauritius. The topics under study will also review organisational culture typologies so as to identify their relationships with leadership styles and theories. A broad review of the interrelationships between organisational culture and other important variables such as personal values of leaders, operational excellence system, organisational agility and employee performance will be relevant for this study. The study of the existing empirical findings from the global scene will help in comparing the future results when the study is undertaken in the context of Mauritius and the effects on the identified micro-level variables of the conceptual research model.

2.5.2 Organisational Culture - The Origin in the Modern Era

The origin of human organisation and emergence of modern culture could be traced back to the philosophical works of Immanuel Kant, *The Critique of Judgement*, (Kant, 1790). His work was based on the fundamental concept and faculty of cognition highlighting critical enabling factors such as freedom, justice and reasoning. The interrelationships between *"Understanding", "Judgement"* and *"Reasoning"* were also explored from a philosophical standpoint and seemingly drew attention to a leading

question of Kant's theory of culture *(how is it possible to communicate about new events which cannot necessarily be expressed in our words and rules?).*

Based on Kant's work, Harste (1994 p.4) provided a sociological definition of culture as "*Culture has to be considered as a form of communication which makes it possible for different human beings to undertake judgements of unusual situations and cases in the same indeterminate, reflexive and unconditional way".*

In the second part of *The Critique of Judgement*, (Kant, 1790/1914) put forward an aspect relating to the modern theory of "self-organising systems" highlighting how nature organises itself and forms its own systems in order to distinguish itself from the environment. Based on Kant's work, Harste (1994, p.5) provided the following definition of organisational culture: *"Organisation culture is created when groups of human beings can, in spite of their differences, reflexively judge in a common, universalising way how the organisation can be differentiated from the demands of the environment".*

Based on these foregoing works, it is apparent that the three main constituent parts of culture are:

(a) The codification of civilised interaction;
(b) The codification of civilised organisation; and
(c) The culture of communication.

The key contribution of the Kantian theory is that organisational culture is based on a trusted acceptance of differences, where employees share goals, self-organise and mobilise themselves as a collective unit intimately linked with the organisation to attain the set goals.

2.5.3 Organisational Behaviour

Many experts and philosophers such as Plato (427-347BC), Smith (1723-1790), Taylor (1856-1915), Weber (1864-1920), Follet (1868-1933), Mayo (1880-1949), Barnard (1886-1961), McGregor (1906-1964) and Maslow (1908-1970) have studied organisations in the past centuries. However, Follet (1868-1933) set a new foundation with a pioneering approach applied to organisation behavioural aspects such as

organisational democracy, team dynamics, employee involvement, conflict management, power and leadership (McShane & Von Glinow, 2010). McShane and Von Glinow (2010 p.4) define organisation behaviour as *"the study of what people think, feel and do in and around organisations"* and it focuses on employee behaviour, decisions, perceptions and emotional responses.

A deeper look into the concept of organisational behaviour reveals important sub-constructs of organisational psychology and commitment, employee engagement, and organisational citizenship behaviour . In recent years, the concept of "employee engagement" has gained popularity amongst business strategists and leaders, given empirical evidences of its impact on productivity, working environment, and organisational success (Towers Perrin, 2003; Macey & Schneider, 2008). Towers Perrin (2003, p.2) defined engagement as *"employees' willingness and ability to contribute towards company success…the extent to which employees put discretionary effort into their work".* It is made of different psychological states such as involvement, mood, attachment, commitment, job satisfaction, positive affectivity, etc. (Ludwig & Frazier, 2012; Macey & Schneider, 2008; Saks, 2006). Rational and emotional aspects form the two major sub-constructs of engagement (Corporate Leadership Council., 2009). Rational engagement is "*the extent to which employees believe that managers and organisations have their self-interests (financial, developmental or professional) in mind".* Emotional engagement is seen as *"the extent to which employees value, enjoy and believe in their jobs, managers or organisations."* (Corporate Leadership Council., 2009)

Daniels (2010) proposed an alternative view of engagement, that of organisation behaviour management, commonly termed as "OBM". Whilst he highlighted the effects of human behaviour on organisational outcomes, he stressed the fact that organisations need to craft their operating policies, systems and practices in line with the known facts about prevailing behaviour so as to create an engaged workforce.

Literature reviews show that there are some critical elements that need to be considered in the process of organisational behaviour management (Ludwig & Frazier, 2012):

(a) **Reinforcements** – The role of "positive reinforcement" (recognising and rewarding good behaviours) in creating effective and engaging work environment (Daniels, 2010).
(b) **Adequate Resources** – The role of "availability of adequate resources" in promoting the right behaviour thereby enabling employees to engage and deliver successfully (Deming, 1986).
(c) **Management Behaviours** – The enabling role of "clarity of tasks and goals" in the overall execution process whereby ambiguities are identified and proactively corrected leading to positive employee behaviours.
(d) **Autonomy** – The ability of setting one's own goals and providing a span of control gives a feeling of greater responsibility for the outcomes of one's own work culminating in work motivation and positive desirable behaviours (Ludwig, 2001).

The behaviours emanating from these critical elements create a positive psychological state amongst employees of organisations whilst also fostering organisational commitment, productivity, loyalty and organisational citizenship behaviour (Allen & Meyer, 1990; Brown et al., 2005; Skinner, 1974; Yadav & Punia, 2012).

Having discussed organisational behavioural aspects in a broad perspective, it is critical to also gain understanding of the behavioural dynamics within family-owned organisations. This will be relevant to the context of the present study in Mauritius, where a significant number of large private organisations are family-owned (Business Publications Ltd, 2018).

The study of organisational behaviour in family businesses is another interesting dimension for scholars and business leaders to examine so as to understand the behavioural dynamics of individuals, and interpersonal and group-level relationships. A family business is characterised by its members exerting significant control over its affairs (Gagné et al., 2014). There is a predominance of family businesses across the world, with nearly a third of 500 S&P listed companies and around half of the Fortune 1000 being family businesses (Astrachan & Shanker, 2003). La Porta, Lopez-de-Slianze and Shleifer (1999) studied 27 wealthy economies, more specifically the

ownership pattern, and the predominance and heritages of family ownership was found to be even higher in Africa, Asia, Europe, Latin America and Middle East.

The organisational behavioural processes and outcomes in family businesses are likely to be different from those in the non-family firms on the following fronts (Gagné et al., 2014):

(a) The economic behavioural dynamics whereby family businesses tend to promote communal relationships. Here benefits are given to improve welfare of the related members of the community rather than following an economic exchange principle of equitable transaction of benefits between two parties as applicable commonly in non-family businesses (Clark & Mills, 2011);
(b) Goal setting processes and goal readjustment strategies of retiring founder members;
(c) Commitment level to family firms;
(d) Behavioural patterns and characteristics of upcoming generation's members;
(e) Career development strategies of family and non-family top executives.

Furthermore, the role that values play in a family-oriented structure or organisation is key for consideration. For example, values define acceptable norms of behaviour and are passed on to generations. The longevity of family businesses has also been widely influenced by family values. Kotlar and De Massis (2013) reveal some very interesting learning points, where the nature of interactions varies between family and non-family organisations. For instance, interactions are predominantly affective, guided by the family hierarchy and with members sharing the history and vision of the future in family owned institutions. On the other hand, in organisations where individuals are not related by family ties, interactions and bargaining are based on the principles of rewards (for good behaviour and performance) and sanctions (for adverse behaviour and performance). Moreover, in family businesses, founders play a central and long standing leading role, guiding generations over a period of time. However, their preparation to pass over control tends to be problematic if not properly planned. In an empirical study conducted by Gagné, Sharma and De Massis, (2014), it was noted that retiring founders with strong willingness to disengage from their initial role embrace a satisfactory post-retirement journey. Trust, justice and handling conflicts are other key elements influencing behaviour in family businesses. Repairing trust

violations (competency-based or integrity-based) in individuals and groups could be a challenging task. This is because of a broader set of risks such as family members' rivalries, conjugal issues, succession and heritage concerns, family altruism and power handling. Consequently, conflicts are bound to occur, and their frequency and magnitude have been found to be increasing with closer family members within organisations. Thus the institutionalisation of family councils to deal with governance of such matters (McKee et al., 2014).

Having reviewed the organisational behavioural aspects and issues relevant to the business context, it is necessary now undertake a study of the broader perspectives of organisational culture. This will help to determine how behaviours of individuals, groups of individuals, leaders and followers result in a culture of its own forming in the organisation. It will also help to gauge the interrelationships between organisational culture, common behavioural traits, and organisational performance which is key to the context of this present study.

2.5.4 Organisational Culture - Perspectives and Typologies

Being a key independent variable of the model being studied, organisational culture needs to be accordingly studied from a theoretical perspective. The understanding of its typologies may provide further insights on any pattern in ethical behaviour and practices that could potentially be useful to the present study. Organisational culture refers to a *"system of shared meaning held by members that distinguishes the organisation from other organisations"* (Robbins & Judge, 2013, p.512). It can also be seen as a complex set of artefacts as a 3-tier structure (visible and feelable elements), adopted beliefs and values (values, ideologies, goals and aspirations) and basic underlying assumptions (unconscious or taken-for-granted beliefs and values) (Schein & Schein, 2017, p.18). McShane and Von Glinow (2010) saw organisation culture as the shared values and assumptions within an organisation that direct every member to do things in the "right way". Often considered as the organisation's DNA, organisational culture shapes the working environment.

Schein (2010, 2016) highlighted that organisational culture basically stems from the following three sources:

(a) The beliefs, values and assumptions of the founders;
(b) The learning experiences gathered by the members of the organisation over time;
(c) The new beliefs, values and assumptions emanating from new leaders and joiners.

Schein (2016) considered organisational culture as a powerful but largely invisible social force. Because organisational culture affects how employees perceive things within the enterprise and various other aspects of their work, there is a need to carefully manage the organisational culture and its evolution.(Reeves & Bednar, 1994).

Organisational culture is also regarded as the norms and expectations that are shared amongst the group of employees and which guide them how to think and behave in their work environment (Cooke & Rousseau, 1988). It is the character or personality of an organisation which directs how employees behave, work, react and communicate (Ribiere & Sitar, 2003; Schneider, 1990a).

Kotter and Heskett (1992, p.11) stated that their studies revealed that "*corporate culture can have significant impact on the long term economic performance and will probably be an even more important factor in determining the success or failure of the firms in the next decade".* This confirms the critical role that organisational culture plays in the development and survival of enterprises and why it warrants further study in various contexts.

2.5.4.1 Organisational Culture Typologies

Many scholars and researchers have been studying the underlying constructs, dimensions or types of organisational culture.

Wallach (1983) has identified 3 main categories of cultures namely:

(a) **Bureaucratic culture**, being hierarchical in nature and characterised by centralised authority and decision making powers. Often very structured and procedural in nature, they tend to be found in large organisations operating in stable market conditions (Zhang & Zhu, 2012);
(b) **Innovative culture**, characterised by a dynamic environment where people demonstrate a creative and entrepreneurial mindset, challenging the status-quo and who are ready to embrace challenges and risks. Individuals within such

organisations are results-oriented and ambitious in nature and tend to influence the organisational culture and behaviours with such traits (Hauser & Paul, 2006);

(c) **Supportive culture**, as the word expresses, promotes supportive, helpful and friendly environment leading to a harmoniously, equitably, socially, and collaboratively inclined working environments. It is often seen as a warm place to work almost like an extended family unit (Ismail Ababaneh, 2010; Lund, 2003; Wallach, 1983).

Cameron and Quinn (2006) proposed four types of culture comprising of:

(a) **Clan Culture** – A typically very friendly and family-oriented working environment where the leaders are often regarded as the father-figure or mentor. This culture lays emphasis on loyalty and traditions whilst favouring teamwork, participation and consensus amongst members of the organisation. The culture is also characterised by high levels of engagement.

(b) **Hierarchy Culture -** Usually this culture promotes a very formal and structured work setting with procedures and rules directing how everyone has to work and operate within the organisation. The leader tends to focus on policies and reliable delivery with control and decision making flowing from the top down.

(c) **Market Culture –** This culture promotes a result-oriented environment amongst all members thereby favouring competitiveness. The organisation is tied together with a mindset of winning.

(d) **Adhocracy Culture** - The work environment is characterised by dynamism, entrepreneurial and creative philosophies. Leaders promote innovation and risk taking with emphasis laid on growth, trendsetting and creating new market space.

Cooke and Szumal (2013) proposed a different perspective to culture types as compared to Quinn and Cameron (2006). Cooke and Szumal (2013) put forward three culture types comprising of:

(a) **Constructive Culture** – Whereby the organisation promotes healthy interactions with freedom to share ideas amongst all individuals. Such cultures also promote motivation amongst employees and a positive working ambiance

with minimal degrees of conflicts as they feel their views and ideas are heard and considered.

(b) **Passive Culture** – Employees operating in organisations with passive cultures tend to work and please their superiors. They tend to abide (even unhappily) and follow the rules just to ensure they keep their jobs safely. Decisions stay at the level of the boss who commands the operations. The conduciveness of the work environment may be a challenge in such cultures.

(c) **Aggressive Culture** – In such a culture, employees are encouraged to compete amongst each other with a view to outperform fellow workers. This culture tends to promote perfectionism, competitiveness, opposition and drive for power.

From the literature review, it was noted that several other types of cultures were identified and studied by scholars, researchers and leadership gurus. Transformational, transactional, entrepreneurial and innovative cultures are other commonly-spoken cultures.

Transformational organisational culture is characterised by flexibility, adaptability and innovation capabilities within the organisation and the way it operates. Employees in such cultures encourage open discussions and formulation of new ideas to address business challenges. They often make extra efforts with passion and determination to go beyond their self-interests and attain their goals (Bass, 1998). Transformational leaders permeate transformational cultures within organisations. Five key constituent parts of transformational leadership are idealised attributes, idealised influence behaviour, inspirational motivation, intellectual stimulation and individual consideration (Bass & Avolio, 1993). It was found that there is a strong positive correlation between transformational cultures and individual / organisational outcomes (Parry & Proctor, 2001).

On the other hand, in organisations with **transactional cultures**, people tend to measure predominantly with a financial lens. Under such cultures, individualism is largely prominent and often, the self-interests of people are put ahead of those of the organisations (Bass, 1998; Bass & Avolio, 1993). Furthermore, it was also found that transactional culture correlates significantly and negatively with organisation and leadership outcomes (Parry & Proctor, 2001).

2.5.5 Interrelationships between Organisational Culture, Personal Values and Organisational Performance

2.5.5.1 Relationship between Personal Values & Organisational Culture

Many researchers have studied the linkages between leaders' personal values, their leadership styles and organisational culture (Chatman & Barsade, 1995; Douglas et al., 2001; Parsons & Shils, 1951; Schein, 2010). A common pattern was found whereby personal values of leaders are intrinsically linked with organisational culture. Leaders' personal values and personalities influence the group behaviour within an organisation, forging a particular type of culture (Schwartz, 1992).

A few theories will be used to support this argument namely, *institutional theory, social learning theory, social exchange theory and the concept of isomorphism*. Institutional theory proposes that the organisation is a legitimised pattern of social behaviour that gradually finds a way to normalise itself whilst minimising the risks of uncertainty over a period of time (Bondy, 2009). It concerns the deeper aspects of social structures including processes, norms and rules such that they become firm and authoritative operating guidelines for social behaviour. This theory emphasises rational myths, isomorphism and legitimacy (Scott, 2008). Whilst organisations try to find their legitimacies to successfully operate within their socio-economic boundaries, they tend to respond by incorporating elements of institutions in their own products, services and ways of conducting business. In so doing, many such institutions imitate by embracing socially accepted ideas and recreating already accepted practices. This process has been coined *isomorphism* (Dimaggio & Powell, 1983). There are typically three types of pressures causing isomorphism namely:

(a) *Coercive isomorphism*, whereby institutions are forced to adopt cultural expectations of their societies by both formal and informal pressures. For instance, pressure to comply with government rules, societal norms, and regulatory and financial reporting standards would cause such coercive pressure in a typical workplace environment;

(b) *Mimetic isomorphism*, whereby organisations imitate or model themselves on other institutions or competitors to withstand challenges and uncertainties in the operating environment. Often others' success, systems and practices may be

perceived as more lucrative and effective and hence driving institutions to mimic the others;

(c) *Normative isomorphism,* whereby pressure for change is brought by the profession. Often, people from the same school of thought or education background will approach a particular problem in a similar way (Dimaggio & Powell, 1983). This creates another pattern in dealing with things in an organisation.

All the above forces drive organisational change. They put pressure on the organisation to embrace a particular path, operating approach and form a particular culture.

Likewise, the *social learning theory* of Bandura (1977) considers that employees learn from others. In other words, they learn from the values, attitudes and behavioural patterns of their leaders. The followers view their leaders as the role models and tend to imitate them.

In addition, the *social exchange theory* posits that human relationships are developed on the concept of exchange or of mutually rewarding processes (Homans, 1958, 1961). Leaders have the capability of creating a cohesive group by their personality and leadership traits. The more cohesive a group is, the more the team members exchange feelings or activities amongst themselves, and the more they relate to each other. Employees tend to go the extra mile in terms of delivering on assignments, goals and targets in return for benefits and support obtained from their leaders, as they perceive value recognition in the process (Mayer et al., 2009; Rioux & Penner, 2001).

Schwartz (1992) classified his identified 10 value types *(i.e., self-direction, stimulation, conformity, tradition, security, universalism, benevolence, achievement, power and hedonism)* into two bipolar building blocks:

- **Openness to change** (characterised by self-direction and stimulation) versus **Conservatism** (characterised by conformity, tradition and security). Leaders with a dominant openness to change tend to think and act independently and foster an adhocracy culture. In contrast, leaders with an inclination towards conservatism tend to foster a hierarchical culture characterised by conformity and stability.

- **Self-transcendence** (characterised by universalism and benevolence) versus **Self-enhancement** (being achievement and power). On the one hand, people with dominant self-transcendental values tend to lay emphasis on welfare, equity and acceptance of others thereby fostering a clan culture. On the other hand, leaders characterising power with self-enhancing values tend to control resources and achieve market growth and personal success.

Recent research conducted by Gao (2017) which studied 370 business leaders of independent native organisations in China found that leaders with different sets of personal values create different types of organisational culture. This research somewhat confirmed Schein (2010) who also found that leaders of organisations, consciously or unconsciously influence organisational culture through their personal values. They put their imprints on the organisation.

2.5.5.2 Relationship between Operational Excellence and Organisational Culture

The world has become fiercer and more competitive, with ever changing market conditions and the growing influence of technology in the lives of people and organisations. It has therefore become even more important for today's organisations to embrace operational excellence initiatives so as to stay in the game over the medium to long term. Operational excellence is considered *"a strategic weapon"* and is based on a combination of *"a set tools, quality improvement methods and deeper business philosophy of human and people motivation"* (Liker, 2004, p.18). In other words, it is about focusing on the philosophy of leadership, teamwork, problem solving and continuous improvement throughout the organisation and laying emphasis on customer needs, empowerment and process optimisations. The European Foundation of Quality Management (2018) provides a similar perspective of operational excellence in that *"Excellence is about doing your best…and every day, we are reminded of how important it is to strive for excellence, be it in life or at work. By nurturing a culture of excellence within your organisations, you open the path to success."* (EFQM, 2018).

The literature review indicates that scholars have established relationships between operational excellence and both organisational culture and organisational agility (Carvalho et al., 2017; Lee et al., 2015). Excellence is intrinsically related to the values

and cultures of organisations and there is a strong need to ensure cultural fitness when deploying strategies for operational excellence programmes to ensure effectiveness and success (Adebanjo, 2001; Aziz & Morita, 2016; Evans & Jack, 2003; Maull et al., 2001). Organisational agility is *"the organisation's ability to develop and quickly apply flexible, nimble and dynamic capabilities… and encompass more broadly an organisation's capacity to respond and adapt quickly and thrive in the changing environment"* (Holbeche, 2015, p.11). In other words, it is a state where organisations can appropriately react and adapt to sudden disruptive business and market environments (Iizuka & Kaneko, 2014). The way in which an organisation reacts to unexpected changing business environments (through its leadership, culture, strategies, people engagement and commitment, systems and execution approaches) would dictate its long term sustainability. The role of quality, together with excellence programmes and models, has also been emphasised by many scholars and institutions. This is because they are key determinants in establishing the right institutional structures and systems to enable operational excellence within organisations (Shingo Institute, 2018). Scholars have also explored the fitness between organisational culture and excellence programmes and found them to be positively related (Evans, 2010; Irani et al., 2004). The Shingo Model, for instance, aims at elevating the level of organisational practices, guiding principles, systems, tools and culture to achieve a higher level of efficiency and results in the long run (Shingo Institute, 2018).

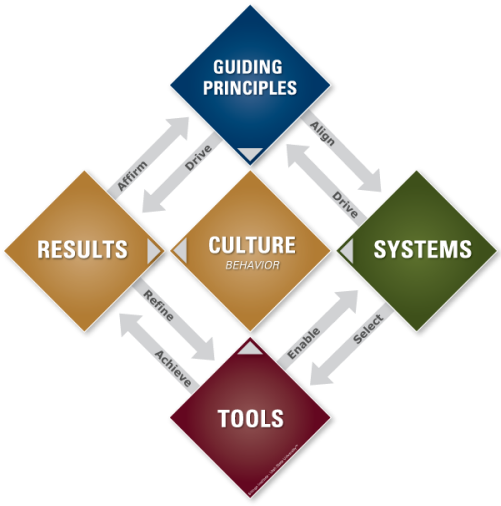


Figure 2.5. Shingo model™

Source: https://shingo.org/model

Shingo Institute (2018)

However, a major reason behind the failures of quality systems or excellence models is due to a neglect of the factors that make them sustainable in the future (Bertels & Buthmann, 2013). This is intrinsically linked to the degree of emphasis which leaders place on its post-implementation stages in ensuring that organisational culture and behaviour are tuned properly to support such models throughout the journey. An organisational culture that promotes continuous improvement behaviour from employees, across levels, is more likely to achieve better performances than those with lesser culture-orientation.

2.5.5.3 Relationship between Organisational Culture and Organisational Performance

Organisational performance refers to the measurement of the extent to which the management goals of a business are achieved. (Duquette & Stowe, 1993). Past research and empirical findings show that organisational culture has a strong influence on organisational performance (Barney, 1986; Kotter & Heskett, 1992). It was also found that strong cultural standards render organisations more efficient and ultimately influence performances through appropriate behavioural patterns (Peters & Waterman, 1981). Brown (1995) also suggests that organisational culture is a strong tool for improving performance and can stand as a prominent competitive differentiator for enterprises. Magee (2002) further drew attention to the fact that culture is intrinsically connected to organisational practices and performance. Organisational culture is thus seen as a management control tool capable of directing and controlling employee behaviour as well as building commitment towards the achievement of goals (Sun, 2009).

However, bureaucratic culture reduces short-term profitability and hampers long-term growth to the point that it can even threaten the survival of an organisation (Ogbonna and Harris, 2000). Subsequent studies conducted in the first two decades of 2000 somewhat confirmed a similar trend whereby organisations with bureaucratic cultures faced job satisfaction and performance challenges unlike supportive and innovative cultures (Brewer & Clippard, 2002; Huey Yiing & Zaman Bin Ahmad, 2009; Silverthorne, 2004; Zhang & Zhu, 2012).

Literature-based theory emphasises the importance of culture as a prime enabler for innovation and enhancement of quality and organisational performance (Bass and

Avolio, 1990). Furthermore, companies that supplemented the development of their organisational cultures with the implementation of management maturity systems/models have records of long term sustainable success. Such models include the Balanced Scorecard (Kaplan & Norton, 2001), Crossby's Qualilty Management Maturity grid (Crosby, 1979), Capability Maturity Models (Humphrey, 1989), Process and Enterprise Maturity Model (Moreira & Gutierrez, 2010), Capability Maturity Model Integration (CMMI Institute LLC, 2018) and ISO 9000:2009 (International Organisation for Standardization, 2009). However, it was also noted that several such implementations have failed to deliver on expectations due to an absence of leadership and organisational commitment to sustain it over the long run (Bertels and Buthmann, 2013; Naftanaila and Cioana, 2013). A recent study conducted in China which surveyed the largest state-owned steel company found that both innovative and supportive cultures are positively associated with organisational performance. Management maturity had an indirect relationship and a moderating effect on the dependent variable of organisational performance (Kuo & Tsai, 2017).

Research conducted in Russia found that there is a significant relationship between firm's performance and dismissal of senior executives (Abe & Iwasaki, 2010). Organisations with a dominant shareholder were more likely to dismiss the whole management team compared to companies with foreign ownership that would tend to cause a partial turnover, that is, limit the replacement to the senior most executive only. The study shows that non-payment of dividends is a major decisive factor for the dismissal of top executives in the Russian society. Similar patterns were found in transition economies such as Ukraine, China and the Czech Republic. In countries such as the United States, United Kingdom, Germany, Denmark, Japan, Australia etc. the performance of stocks was also found to be a key determinant for dismissal of top executives (Abe & Iwasaki, 2010). It appeared that Russian executives are somewhat able to avoid the adverse impact for their poor performance compared to those in America and Japan. Management accountability practices in Russia were also rated as being highly deficient (Fey & Denison, 2003).

2.5.5.4 Ambidextrous Organisational Culture and its effect on Performance

Tushman and O'Reilly (1996) put forward an interesting perspective to the study of organisational culture with the concept of ambidexterity. They state that firms that are

capable of simultaneously exploiting the existing capabilities and exploring new ones are ambidextrous in nature. Such cultures, built upon the two underlying processes of learning (exploitation and exploration) and foster innovation within the organisation (Rafailidis et al., 2017; Tushman & O'Reilly, 1996). Organisations were also called to hold a relative balance between exploitation and exploration so as to ensure successful innovation and long term success (Gibson & Birkinshaw, 2004; March, 1991; Tushman & O'Reilly, 1996). In an ambidextrous organisational culture, employees and their leaders should continuously refine their knowledge base, skills and expertise through the research process and/or creating new knowledge (Mom et al., 2009).

It was also found that quality acts as mediator between organisation learning culture and innovation and that total quality management promotes innovation performances (Martınez-Costa & Martinez-Lorente, 2008; Rafailidis et al., 2017). Rafailidis, Trivellas and Polychroniou (2017) studied Small and Medium Enterprises (SMEs) in the technology space in Greece, an area very relevant to this present research, and noted that organisational culture oriented towards exploitation and exploration learning and development capabilities positively impacted innovation performance (Dahlgaard-Park & Dahlgaard, 2010). The influence of the ambidextrous nature within the organisational culture enables success through quality and competitive capabilities. A general consensus was also noted whereby organisations that are permeating a culture of creativity, innovation and performance-orientation amongst their employees have a competitive edge for long term sustainability (Chang & Lee, 2007; Hartmann, 2006; Lau & Ngo, 2004).

2.5.6 Organisational Culture: Does size Matter?

When studying organisational cultures, a prominent question that often comes to mind is whether the size of organisations matters. In other words, would business cultures differ in organisations categorised as small, medium and large? With a view to respond to this question, one may refer to the research work of Gray, Densten and Sarros (2003) which put forward interesting empirical findings based on a survey conducted in Australia whereby the perceptions of 1918 executives were studied. Organisations are often categorised by the number of people they employ, and this may vary between

countries. In certain countries, organisations employing less than 100 people would be classified as “Small” whereas in others they may be classified as SMEs. The underlying findings indicated that small groups would tend to operate and evolve differently from the larger ones (regardless of the threshold being used for such classification). It was found that small entities are more competitive, performance oriented, supportive and innovative, compared to larger organisations. The structures of SMEs and the ways they operate, compete, and respond to business challenges are indeed different from larger organisations (Man et al., 2001); corporate cultures are fundamentally different between small, medium and large organisations (Julien,1995). Whilst SMEs evolve with greater flexibility, given their light and organic structures, larger organisations tend to be more bureaucratic with heavier structures and lower levels of trust (Alvesson, 2002; Ghobadian & Gallear, 1997). Due to these underlying differences in resource strengths, strategies, approaches and inter-relational complexities within larger groups, organisational cultures are shaped differently (Denison & Mishra, 1995; Schneider, 1990a). In essence, SMEs tend to have a flexible culture, are ready to embrace change, and have a competitive advantage over their larger counterparts. Organisations that show concern for their people with higher degrees of supportiveness are better at enhancing competitiveness (Ettlinger, 1997). The objective of the current research was to test whether similar patterns could be found in the context of Mauritius.

Another major construct tested empirically in the study was “ethical leadership and decision making”. It was thus appropriate to first explore the various leadership theories and approaches prior to embarking in the theoretical exploration of ethical dimensions of leadership.

2.5.7 Leadership Theories and Approaches

In the early part of the 20th century, leadership research was orientated towards understanding *leadership traits* such as personality factors and abilities (Bass, 1990). Subsequently, it was noted that the study of leadership traits was not enough, and a shift was made in emphasis towards *leadership styles and behaviour* whereby the interpersonal elements (leader-follower relationship) and task orientation were considered as critical dimensions making leaders effective (Bryman, 1992). Further developments in research, revealed that even leadership traits and styles were

insufficient determinants of leader effectiveness. In the 1960s-1970s period, many scholars postulated that *situation* is the other new dimension necessitating attention, as it creates the required conditions for leader efficacy (Aronson, 2001). This led to the emergence of contingency theory (Fiedler, 1967), situational leadership (Hersey & Blanchard, 1969b), path-goal theory (House & Mitchell, 1975) and leadership substitutes. In recent times, the phenomenon of transactional, transformational and charismatic leadership became prevalent whereby researchers explored their interrelationships and how they influence processes (Bums, 1978; Conger & Kanungo, 1988; Kerr & Jermier, 1978).

Dion (2012) conducted a scan of key leadership theories together with a critical view of the interrelationships between the leadership approaches and ethical theories. To understand the dynamics between leadership, culture, ethics, ethical theories, and behaviour, it is key to first understand the various leadership approaches that exist and their underlying characteristics. Some of the key ones are:

2.5.7.1 Directive Leadership

This is often considered as an instructional type of leadership style, where the leader would tend to tell the subordinates what to do. Flamholz (1990) provided a larger spectrum of directive leadership types, presented as a continuum of the following:

- **Autocratic** - Typically directive in approach with instructions flowing top down and decision making powers resting in the hands of the leader
- **Benevolent-autocratic** - Typically leaders with decision or policy making powers and control but yet guided by noble benevolent values, e.g. religious leaders, Buddhists Monks, Kings/Monarchs, etc.
- **Participative** - Typically guided by a collective approach to decision making with the leader having a more decisive role or authority in the overall process
- **Consultative** - Typically leaders with strong willingness to consult their surroundings prior taking decisions
- **Consensual** - Typically reliant on a consensus being reached with concerned parties' prior execution of any assignment or project
- **Laissez faire** - Typically where leaders are hands-off and allow decision making by group members, i.e. an attitude to allow them to do whatever they want

2.5.7.2 Self- Leadership

The theoretical foundation of self-leadership stems from social learning and social cognitive theories (Bandura, 1986). Self-leadership is about how a leader can influence his/her own cognition, motivation and behaviour (Kraft, 1998). Yun, Cox and Sims (2006) defined self-leadership as *"both thoughts and actions that people use to influence themselves"*.

The underlying strategies enabling self-leadership are (Neck & Houghton, 2006):

- **Behaviour-focus** - These are strategies that focus on elevating self-awareness and personal behavioural attributes through the use of methods such as self-goal setting, self-appraisal, self-punishment, self-reward, etc.
- **Natural reward** - Typically embedding pleasant features into ones' own activities so that the task becomes self-gratifying and naturally rewarding with ultimately giving a feeling of being competent
- **Constructive thought** - Adopting ways and means to enable a positive and forward looking mindset through techniques such as optimistic self-talk (Seligman, 1991)
- **Need for autonomy** - Basically influencing self-leadership traits and motivating oneself towards being autonomous and engaging in activities of one's own choice (Deci & Ryan, 2000)

The ultimate objective of these strategies is to enhance the perception of self-efficacy, that is how one's own beliefs influence one's lives (Dion, 2012).

2.5.8 Authentic Leadership

Many authors have come up with a variety of definitions often geared towards transparency and ethical behaviour.

For example, Jensen and Luthans (2006) referred to authentic leaders as those people who are instrumental in creating a transparent, future-oriented and associate-building organisation. It is about getting the allegiance of others through nurturing of trusted relationships (Duignan & Bhindi, 1997). Authentic leaders tend to be more conscious about the values that drive them and their decisions and behaviours at large (Leroy et al., 2012); it concerns how an individual feels (Bishop, 2013). Whilst some definitions

have centred on the individual and his/her values and behaviours, authentic leaders must look beyond their own interest and focus on the common goals (Zhu, May and Avolio (2004a).

2.5.8.1 Transactional Leadership

Transactional leadership is based on the *"leader-member exchange"* theory whereby members are rewarded for the exchange of efforts dispensed in delivering services, attaining goals or meeting set targets (Bass, 2008). Followers/subordinates/members are incentivised when they achieve results and organisational goals set by the leader (Pastor & Mayo, 2008). It was also noted that transactional leadership also enables the followers to reduce workplace anxiety as they are encouraged to fulfil their own self-interest and focus on increasing throughput, service quality and cost savings in the organisation (Sadeghi & Pihie, 2012).

Whilst Sarros and Santora (2001) laid emphasis on achieving results through organisational processes, policies, procedures and reward programmes, Green et al. (2003) considered transactional leadership as having a focus on the bottom line.

2.5.8.2 Shared Leadership

Shared leadership is considered an emergent state where team members work in such a way that they collectively lead each other (B. J. Avolio et al., 2009). Carson, Tesluk and Marrone (2007) stated that shared leadership produces "*patterns of reciprocal influence*" which gradually build relationships between team members across levels and structures. The shared leadership process was also qualified as being *"dynamic and interactively influential*" thereby leading one another in attaining business goals (Pearce & Conger, 2003). Lee-Davies, Kakabadse and Kakabadse (2007) stated that shared leadership is about helping others to realise their potential. It also implies that behaviours are enacted by multiple individuals irrespective of the role and position they hold (Bligh et al., 2006). To sum up, it is a state whereby everybody is ready to accept and fulfil their leadership role with a view to attain a specific mission (Dion, 2012).

2.5.8.3 Servant Leadership

Servant leadership focuses on providing a service to followers (Stone et al., 2004). It is about showing concern for people by genuinely coaching and empowering them, honouring commitments made to them and emphasising trust-building (Joseph & Winston, 2005).

Stone, Russell and Patterson (2004) presented the attributes of servant leaders in two broad categories namely:

- **Functional attributes** (being visionary, honest, trustworthy, service-oriented, role modelling, empathetic, appreciative of others' services and empowerment)
- **Accompany attributes** (being good communicator, listener, credible and competent)

The meaning of servant leadership would tend to vary considerably between countries or regions due to their cultural specificities. It will have different facets in Western, Confucian, Buddhism, Islamic, Hinduism and Occidental cultures (Dion, 2012).

2.5.8.4 Situational Leadership

Originally developed by Hersey and Blanchard (1969), situational leadership theory highlights that effective leadership requires a rational understanding of the situation and responds accordingly considering the environment (Grint, 2011; Hersey & Blanchard, 1969, 1996). The leader basically adjusts themself to fit the development level of the followers. In other words, it is about relating the leader's style to the maturity level of the followers, the context, and focusing on leaders' behaviours as either task or people focused. The style will be called to change continually to meet the needs of the organisation as per the demands of situations faced.

2.5.8.5 Transformational Leadership

Burns (1978) profiled a transformational leader as someone who is able to raise the level of his/her followers' consciousness about the importance and value of desired outcomes and show the process and methods of reaching those outcomes.

Avolio, Waldman and Yammarino (1991) and Bass (1995) referred to the four "I"s of transformation leadership namely:

- **Idealised influence** (being a role model for their followers)
- **Inspiration** (being a provider of a sense of direction and a motivator to excel)
- **Intellectual stimulation** (encouraging innovation, creativity and problem-solving abilities and development of the right environment)
- **Individualised consideration** (listening to each followers' needs and concerns, recognising efforts and progress, ensuring fairness)

A similar view was provided whereby the leaders provide the followers with individualised consideration, helping them to unlock their potential and possibilities in the future (Pastor & Mayo, 2008).

2.5.8.6 Charismatic Leadership

Charismatic leaders are considered as those who provide the vision and energise the organisation with knowledge sharing and passion (Politis, 2002). Such leaders have significant influence on how the employees perform and deliver results (Huang et al., 2005). Some scholars see charismatic leadership traits as being part of the transformational leadership and in some cases these terms are used interchangeably (Aaltio-Marjosola & Takala, 2000).

2.6 ETHICAL THEORIES AND INTER-RELATIONSHIP

2.6.1 Introduction

An overview has been conducted of the various leadership theories in the foregoing section. This focused on how the aforesaid theories evolved from the early days when focus was more on the study of leadership traits and gradually shifted towards leadership styles, approaches, behaviour and situational management aspects. It is now an opportune time to introduce ethical theories with the view to establishing the conceptual linkages that have been identified between ethical and leadership theories. This further warrants a careful review of the literature considering that two critically-related components (ethical organisational climate and ethical leadership) were subject to empirical tests as part of the scope of this present study. An analysis of the extent to which these two broad categories of theories (ethical and leadership) are related necessitates in-depth examination and interpretation. For instance, it is effective to research and obtain answers to questions such as:

- Is there any inclination for certain kinds of ethical and leadership behavioural patterns in countries sharing common ideologies and backgrounds?
- Are leadership philosophies and approaches dependent on cultural, religious and belief systems?
- How is ethics of virtue considered in the contemporary work environment and how does it reconcile when notions of power or pressures to deviate from ethical standards come into play?
- How does the willingness to transform institutions with creativity and innovation reconcile with the creation of an ethical environment?

An attempt to find answers to these sorts of questions will be made in this and the forthcoming sections based on a critical review of the literature.

2.6.2 Ethical Theories

The literature reviews reveal the emergence of various ethical theories related to the leadership approaches mentioned above. Some of the key ones are:

2.6.2.1 Philosophical Egoism

Egoism forms part of the teleological ethics theory. It was suggested that individuals consider an action to be moral or immoral depending on the extent of achieving their personal goals (Rallapalli et al., 1998).

Hobbes (1960) evaluated the main factors motivating human beings to act in some particular ways. It was found that the main motives are the *"desire to have more power over others"* and the *"desire to avoid death".* In this Hobbesian context, people focus on their self-interests but would obey to social rules to avoid sanctions imposed by the leader. They would tend to act prudently.

Hume (1983) was of the view that people would tend to be virtuous because they could gauge the implications of transgressing moral rules. The way one judges whether a given action is morally right is usually based on whether such an action would receive social approval from most of the people.

2.6.2.2 Utilitarianism

Utilitarianism is another major classification of teleological ethics theory. The basic principle of utilitarianism states that a given action is morally right when it promotes the greatest levels of wellbeing for the maximum number of people (Bentham, 1789). There are two principles that would make utilitarian assessment morally acceptable namely:

(a) How would the majority of people perceive a given action in terms of pleasure and pain they would feel?
(b) How would people classified in different socio-economic groups perceive and feel the pleasure and pain as compared to other groups?

Utilitarianism is conceptually made up of two underlying principles, that of *consequentialist* and *hedonist.* Consequentialists view an act as being morally right if the consequences of that particular act are good, and vice versa. As regards hedonism, Bentham (1789) used the statement *"the greatest happiness principle"* to explain the underlying philosophy. Hedonists view people as having the right to do anything in their power to attain maximum pleasure whilst surpassing the amount of pain (Aronson, 2001; Bentham, 1789; Helms & Hutchins, 1992).

There are two main types of utilitarianism namely:

(a) **Act utilitarianism** - The right action is the one that brings the highest level of happiness to the maximum number of people. Each behaviour is basically evaluated in terms of its potential to create the maximum amount of good to the largest number of people (Regan, 1980). In other words, it is based on the *principle of utility* evaluating the most effective option that is producing the highest level of good to most people.

(b) **Rule utilitarianism** – An action is considered to be morally right if it conforms to the rules that bring the greatest level of happiness. It also postulates that the correctness of an action is determined by the correctness of its rules and should also ensure the most favourable outcome possible for the largest base of people (Regan, 1980).

Going to the sources, Ross (1930) linked moral duties with the concept of *"prima facie obligations",* the latter being a duty which can be overridden by a more important moral obligation. He stated that most moral duties are *"prima facie obligations"* and can be in the form of help provided to the poor and the needy or for the wellbeing of others.

2.6.2.3 Deontology

Kant (1959) evaluated actions (right or wrong) without taking into account their consequences. One does not need to know the probable outcomes, but rather the nature of motives behind the action, when defining the rightness or wrongness of a given action. Kant (1959) provided two important principles to assess this, namely:

(a) **Is it universally accepted?** – An action is morally right if it is accepted by one and all as being morally correct and vice versa.

(b) **Is it violating freedom of someone?** – An action is morally incorrect if the person is using someone as a means to attain their own objective at the expense of another person's freedom and autonomy. In other words, the rights of human beings (rights to fairness, freedom, equality, justice, respect, etc. or so-called principles of natural justice) have to be observed for the action to be morally acceptable.

Frankena (1973) stated that moral rightness is determined by the characteristics of behaviour itself and is not dependent upon producing the greatest level of good as opposed to evil. Furthermore, as originally put forward by Kant, it was also advocated that the moral value of a behaviour is independent of the outcomes as one is unable to determine the certainty of the result when he/she decides to act (Helms & Hutchins, 1992).

In the literature, two major categories of deontological theories emerge namely:

(a) **Rule deontology** accords logical priority to rules rather than to judgements (Ross, 1930). It establishes that individuals should adhere to and follow prescribed rules, codes and standards at all times (e.g. do not lie). The determination of whether a behaviour is ethical or not, is dependent on the action with regards to a predetermined set of rules and standards rather than the outcomes of the said act (Rallapalli et al., 1998).

(b) **Act deontology** (also referred to as particularist), on the other hand, accords priority to particular moral judgements rather than the rules (e.g. do the right things). Being human, people have to behave in a particular way with obligations to respect the rights and dignity of others regardless of the outcomes of an act (White, 1988).

2.6.2.4 Virtue Ethics

Though the term *"virtue ethics"* was coined in the 20th century, the underlying philosophy dates back to the time of Aristotle (384BC-322BC) and since the 5th century BC (Dierksmeier, 2011). Aristotle defined a virtue *as "a settled disposition of the mind determining the choice of actions and emotions, consisting essentially in the observance of the mean relative to us, thus being determined by principle as the prudent man would determine it"* (Harvard University Press, 1926, p.95). He said that one cannot be prudent without being good.

Whilst in deontological and consequentialist theories, focus is on the rightness or goodness of the act, on the other hand, virtue ethics lays emphasis on goodness of the agent.

Virtues were also put forward as being those qualities that will enable a person to achieve happiness (use of the Greek term "*eudaimonia"*) and the lack of which will restrict attainment of a particular goal (MacIntyre, 1981). Aristotle held happiness as being the central purpose of life. His moral theory focussed on virtue and the virtuous way of life albeit in relation to happiness. He was of the view that virtue is achieved by maintaining a mean as a balance between the two excesses (Dierksmeier, 2011).

2.6.2.5 Ethics of Responsibility

Ethics of responsibility was presented as a by-product of post-modernism (Dion, 2012). Ethics of responsibility is based on a theory of being responsible for ourselves and also for all human beings (Sartre, 1970). As a person we have the full responsibility of who we are, what we do and what we become in the future. It is about the creation of one's own self in life. This was supported further by stating that it is this responsibility that guides one's own actions and requires every person to recognise each other in an interaction or relationship, as a responsible subject who continually adjusts their conduct (Habermas, 1992).

According to Aronson (2011), a converging indication emerged from the works of the philosophers, scholars and ethical theorists that moral judgement will usually be based on a combination of the following key components:

- The deontological and teleological evaluation;
- The personal characteristics of the moral agent; and
- The prevailing contextual factors.

2.6.3 Leadership and Interrelationship with Ethical Theories

Dion (2012) conducted an analysis, primarily based on the Western world, of the extent to which key leadership approaches and ethical theories are connected. On the Basis of his comprehensive analysis of the leadership approaches, their behavioural characteristics and the underlying ethical theories, he provided a critical view on ethical leadership.

(a) **Directive Leadership** – The underlying cultural dimension (and sometimes religious or spiritual) dictates the kind of expectations people have from a directive leader. For instance, in Asian countries, most people are accustomed

to directive leadership. On the one hand, as they are inclined towards social harmony and discourage egoistic attitudes, they submit to clear directives coming from their superiors and leaders whether being the head of state, a religious body, kingdom or family. On the other hand, and in some of the Western countries (e.g. United States of America), leaders are guided by philosophical egoism. This is generally authoritative in nature but with a strong inclination towards self-centred individualistic behaviour. Such Western leaders are guided by their own philosophies and self-interests due to their underlying cultural orientation. Thus, directive leadership will be dependent on the cultural, religious or spiritual context in which it is developed and evolving. In China, social harmony is closely related to Confucianism, whilst in Japan, the Buddhism value system tends to predominate. In countries like Indonesia, people are guided by the Islamic values and belief systems (Dion, 2012).

(b) **Self-Leadership** – According to Hume (1983), there is a general acceptance by most people for leaders having certain kinds of qualities, characters and actions that would be beneficial to them. They would also tend to reject any such actions that they would perceive as being harmful to their social order. Self-leadership is thus seemingly linked with a need for social approval.

(c) **Authentic Leadership** – Authenticity and integrity are intrinsically linked and form the basic attribute of sincerity. Authentic leaders tend to be naturally comfortable with an ethics of virtue. Such leadership style would tend to embrace deontological principles and stand guided by moral values in fulfilling their duties. Leaders with such virtues would tend to promote ethical culture in their organisations.

(d) **Transactional Leadership** – Whilst Aronson (2001) suggested that transactional leadership mirrors the utilitarian philosophy, Kanungo (2001) connected this leadership approach to the Machiavellian notions of power as one tends to use others as a means (though rewarded for) to reach their own goals. Kanungo and Mendonca (1996) flagged an issue of “demolishing followers’ self-worth” emanating from transactional leaders who expect followers to deliver set tasks and objectives without necessarily considering their possible issues. It was also found that the influential style associated with transactional leadership was “highly offensive” and affecting the conditions required to build the ethical social fabric. This is seen to have ethical

implications. However, it was pointed out that transactional leadership can be ethically appropriate under certain conditions whereby leaders maintain a balance between attaining formal goals whilst maintaining respect and fairness and are guided by proper codes of conduct (Bird, 1999). Under such circumstance's followers feel respected and exhibit higher degrees of engagement and productivity.

(e) **Shared Leadership** – True to the meaning of the word, "shared leadership" actually fosters a culture of sharing of tasks so that a common organisational or societal goal could be attained. Shared leadership seems to be tuned to the utilitarian theories, as leaders with such philosophies will accept an action as morally right if it brings the maximum benefit and pleasure to the majority of the people.

(f) **Charismatic Leadership** – The inherent characteristics of charismatic leaders lie in successfully mobilising people to embrace a path and solve ethical dilemmas. Charismatic leadership thus seems to be aligned with the *"prima facie obligations"* theory of Ross, as no leader would be aware of those duties to be accomplished in advance of a circumstance (Ross, 1930). It will only depend on the situation before it is decided as to how it will be attended or addressed. Howell and Avolio (1992) suggested that leaders use their charisma in a socially constructive way (ethical) to lead others towards a common goal for the welfare of the society and organisation. Unethical leaders, however, may use the same charismatic trait for their own self-interest and self-serving ends. Therefore, whilst it appears that charismatic style supports ethical leadership, it could also lead to unethical behaviour.

(g) **Transformational and Servant Leadership** - The nature of these leadership styles are such that they are seemingly connected to the ethical theories of deontology (Kantianism), philosophical egoism (Spinoza) and ethics of responsibility. Sarros and Santora (2001) asserted that transformational leadership stimulated creativity, autonomy and care whilst ensuring that goals are attained by their followers. Furthermore, it was also highlighted that with transformational leadership, there is an increased level of motivation and morality experienced by leaders and followers. This is in comparison to transactional leadership, seen as restrictive and exploitative of subordinates (Bums, 1978). According to Kanungo and Mendonca (1996), transformational

leadership creates an ethical environment promoting self-efficacy, self-determination and mutual goal alignment through strategies of empowerment . This influences followers' basic attitudes, beliefs and values. In another study undertaken, it was found that inspirational leadership was negatively related to bribery and favouritism (Banerji & Krishnan, 2000). A similar relationship was found between transformational leadership and ethical behaviour which created a more conducive and ethical environment, easing the resolution of challenging moral dilemmas (Ciulla, 2014).

Whilst researchers have recognised the socialised (ethical) and personalised (self-interest, unethical) traits of charismatic leaders and effectively distinguished between authentic and pseudo-transformational leaders, scholars have suggested that transformational leadership may not necessarily translate into ethical leadership. For example, Aronson (2001) posited that the various findings indicate that ethical leadership does not necessarily depend on the leader's style but more on the moral development and ethical values guiding their actions in particular situations.

2.7 ETHICAL ORGANISATIONAL CLIMATE

2.7.1 Introduction

"Ethical Organisational Climate" stands as one of the core macro-level variables in the context of this study. Leadership philosophies, behaviour, approaches and personalities are some of the key influencing variables in establishing and nurturing a specific kind of work environment. Furthermore, external conditions also influence the work climate. The way ethical dilemmas are handled by the leaders in a working environment, often characterised by the pressure to meet challenging business targets, will create the right or adverse organisational climate. The state of anomie often arises as a result of adverse leadership actions which fail to restore moral standards. This section also examines key theories and models of ethical organisational climate and identifies relationships between workplace ethics and work engagement. For this study, it is also helpful to examine the effects of ethical climate on employee conduct, satisfaction, motivation and performance. But, before exploring the ethical aspects of organisational or workplace climate, it is essential to gather a proper understanding of what its constituents are.

Organisational climate has consistently been defined as the *"employees' perception of their organisations"* (Patterson et al., 2005). Rousseau (1988) viewed organisational climate as the *"perception of the work environment"*. In essence, organisational climate shows how employees experience their organisations and the behaviours of their members. Other scholars and researchers have conceptualised organisational climate as *"the shared perceptions of the organisational events, practices and procedures"* (Arnaud, 2006).

Research on organisational climate stems back to the days when Lewin et al. (1939) studied different leadership styles to establish whether they are interrelated and whether specific leadership styles lead to distinct organisation climates (Lewin, 1951). Initially Schneider and Reichers (1983) presented these perceptions, as being rather descriptive (*"the description of things that happen to employees in the organisation"*). Subsequent studies however suggested both affective and evaluative perspectives (Patterson, Warr & West, 2004). Both the organisational culture and climate describe how employees experience their organisation. Whilst organisational culture reveals

the shared values within the organisation through its forms (e.g. artefacts, symbols, etc.), the organisational climate reflects *"the prevalent norms, values and attitudes of the organisational culture"* (Moran & Volkwein, 1992). In other words, organisational climate can be conceptualised as the surface of the culture of the organisation (Schein, 1985; Schneider, 1990b), comprising a character, personality and psychological atmosphere of an organisation's internal work environment (Evan, 1968; Pritchard & Karasick, 1973).

Various organisational climate studies were undertaken since the 1970s, where researchers and scholars identified climate dimensions across a number of different work contexts. Based on the climate studies conducted, Campbell et al. (1970) established *individual autonomy, degree of structure imposed on the situation, reward orientation and consideration, warmth and support* as being common dimensions. James and James (1989) established another set of common dimensions (some being common to those of Campbell et al.) such as *role stress and lack of harmony, job challenge and autonomy, leadership facilitation and support and work group cooperation, friendliness and warmth*. The literature review also indicates that there has been an emergence of various other dimensions (e.g. managerial trust, risk orientation, communication flow, equity, service quality, centrality etc.). These have birthed some conflicting views, thus slowing down theoretical development (Gavin & Howe, 1975; Glick, 1985; Joyce & Slocum, 1979; Lawler et al., 1974; Patterson et al., 2005).

The financial disaster of 2008 brought down the U.S economy and others around the world (Ciro, 2012). Other cross industry global scandals included Citigroup's role in the collapse of WorldCom in 2004 (English, 2004), AON being fined for bribery issues in 2009 (Treanor, 2009), Alibaba.com's fraud by sellers in 2011 (Lee & Chao, 2011), Toshiba's accounting and FIFA scandals. These all put the spotlight on *"organisational ethics", "ethical organisational culture and behaviour"* and ***"ethical organisational climate"***.

These major failures shook the global economy and raised serious concerns about the fundamentals of business governance, ethical leadership and ethical business practices. The time was therefore right to review and understand the main driving causes leading to such economic traumas and, second to bring effective and

sustainable measures to address the ethical dilemmas. Since then, there has been a resurgence amongst scholars of studies of ethical organisational climate and leadership. For instance, the development of the Corporate Ethics Virtues Model by Kaptein (2008a) and his subsequent studies brought further insights. These strengthened the core base of ethical foundations, complementing the already established Victor and Cullen's Ethical Climate Model (Kaptein, 2008a, 2009; Victor & Cullen, 1988).

Huhtala et al. (2013), and Apriliani, Anggraini and Answer (2014) presented the formal and informal perspectives of workplace ethics culture and how they influence employees' decision making, commitment and engagement to prevent unethical deviances. According to them, ethics, codes, rewards and learning are the formal influential factors that help prevent unethical behaviours, the informal ones being peer behaviour and ethical norms. Ethical organisational climate is viewed as *"the shared atmospheric conditions influencing employee behaviours towards policies, procedures and practices with moral consequences"* (Huhtala et al., 2013; Martin & Cullen, 2006; Trevino & Weaver, 2003; Victor & Cullen, 1988). Some of the conditions which they identified as being key influencers to ethical climate are:

- **Care** – The employees feel being cared for when they see decisions being made on the basis of safeguarding their interests and welfare
- **Law and codes** - The perception that the organisation embraces and lives strong principles of decision making based on prevailing laws and external codes to conduct its business
- **Rules** - The perception that the organisation and its members comply consistently with rules set internally (e.g. company' policies, procedures, standards and codes of conduct)
- **Independence** – The degree to which members of the organisation believe they should use and rely upon their personal moral principles in making the right ethical decisions
- **Instrumental** – The degree to which employees lay emphasis on and favours serving the interests of their own good self as opposed to those of others

2.7.2 Ethical Organisational Climate – Key Theories

Over time, several theories have emerged assessing ethical context and variables of organisations but very few were found to be specifically focusing on ethical organisational climate (Arnaud, 2006). The few key ethical work climate theories are:

2.7.2.1 The Theory of Ethical Work Climate by Victor and Cullen (1987, 1988)

Considered as the pioneering theory of Ethical Work Climate ("EWC"), Victor and Cullen (1988) viewed EWC as the shared perceptions of what can be considered as ethically correct behaviour and how ethical dilemmas should be tackled. To understand the type of ethical climate prevailing in an organisation, one has to put questions such as "how does an employee identify the right option when faced with an ethical dilemma that has consequences for others?" or "how does a person in the organisation decide whether it is right or wrong to bribe someone to secure a business deal?". The responses to such questions, if mapped properly according to an established and empirically supported framework, will help determine the prevailing ethical climate within the firm.

EWC was applied to these contexts for the determination of the ethical climate types (Victor & Cullen, 1987). They have built this theory on the premise that employees' perceptions of ethical climate (events, practices and procedures) are based on two key dimensions, namely:

(a) *"Ethical Criteria"* used for organisational decision making
(b) *"The loci of analysis"* used as referent in ethical decision making

Figure 2.6 on page 105 of the thesis is a pictorial representation of the cross-tabulation put forward by Victor and Cullen (1987). This was based on the integration of philosophical ethical theory, psychological theory of moral development and socio-cultural theory of organisations, to determine nine climate types.

		Loci of Analysis		
		Individual Locus *(the person)*	**Local Locus** *(the organisation)*	**Cosmopolitan Locus** *(the society)*
Ethical Criteria	**Egoism** *(self-centered)*	Self-Interest	Company Profit	Efficiency
	Benevolence *(concern for others)*	Friendship	Team Interest	Social Responsibility
	Principle *(integrity)*	Personal Morality	Company Rules & Procedures	Law & Professional Codes

Figure 2.6. Ethical work climate types.
Source: Adapted from Victor & Cullen (1987)

The “Ethical Criteria” dimension comprises three main types of ethical reasoning and is grounded in the Kohlberg’s *Cognitive Moral Development theory* (Kohlberg, 1981). This theory is based on moral reasoning thereby exploring how people use their judgement to resolve moral problems or ethical dilemmas. Kohlberg (1981) suggested that the moral reasoning skills of individuals tends to change and evolve depending on person and situation specific factors. His framework is based on three broad levels of cognitive moral reasoning namely:

(a) **Pre-conventional Level** – Considered as the most infant stage of the framework, whereby a person has not yet acquired, adopted or internalised the society’s rules of what is right or wrong. Such persons see rules as something external being imposed on them and their moral judgement and decisions are solely made on an egoistic manner, in terms of their own interests and in terms of rewards or punishment (e.g. how do I avoid punishment?; what’s in it for me?). At this stage, a person’s moral judgement will either be guided to obey such rules to avoid any form of punishment (stage 1) or be guided to perform an action for best self-interests (stage 2) with limited or no consideration for others. At stage 2, a person will tend to ask “what’s in it for me to do the job?” (Arnaud, 2006).

(b) **Conventional Level** – At this level, a person has acquired the shared norms of the family, organisation or society, and responds according to what is considered as morally acceptable by others. One has to consider the society’s expectations to judge the morality of actions. The person’s ethical behaviour is thus influenced by the perspectives of the society and will tend to make moral decisions based on what pleases others and what has obtained social consensus (stage 3). People at this stage are reputation-conscious and would appreciate being thought well of. At the next stage, it is expected that everyone

has to abide by and uphold laws, rules and moral reasoning, going beyond the needs of the individual, dictated by external forces and obedience to authority and social order (stage 4) (Kohlberg, 1981).

(c) **Post-conventional Level** – Considered as the principled level, post-conventional theorists live by their own ethical principles in respect of life, liberty and justice. At this level, individuals have gone beyond identification with other's expectations, rules and laws (recognised by Kohlberg himself as somewhat difficult to conceptualise and possibly find people who consistently operated at this level). At stage 5, one views the world as holding various kinds of values and rights which should be respected as unique to each individual, group and society (social contract driven). At stage 6, moral reasoning is abstract using universal ethical principles and its recognition as a concrete stage is seemingly yet to receive empirical confirmation (Sullivan, 1977).

Pursuing the analysis of Victor and Cullen's (1987) EWC climate types, the moral philosophy is organised according to three core types of ethical reasoning namely *egoism* (maximising self-interest), *benevolence* (maximising joint interests), *principle* (deontology, adherence to principle).

According to Kohlberg (1981) and Gilligan (1977), the types of ethical reasoning are relatively incompatible. People who are principled-oriented tend to be less inclined towards benevolence and are often insensitive to particular effects on others. In contrast, people who are benevolent in nature are relatively less acquainted to law and rules.

The study also showed that though organisations usually did not have single climate types, they nevertheless had a dominant one. For instance, in organisations with a benevolent climate, the welfare for others may be the dominant reasoning considered by employees when resolving ethical dilemmas. Likewise, in organisations characterised by a principle-oriented climate, the application of rules might be the dominant form of reasoning of employees when addressing ethical challenges. In organisations with prevailing egoistic climate, the consideration of self-interest is central to the moral reasoning of employees (Victor & Cullen, 1988).

Victor and Cullen (1988) have conceptualised three organisational referents (also referred to as the *"loci of analysis"*). The *"ethical criteria"* dimension was based on solid foundations of *cognitive model development theory* put forward by Kohlberg. Similarly, the 'loci of analysis' dimension was derived from the *sociological theories of Merton and Gouldner* which identified different types of referent groups that help shape behaviours and attitudes of the role incumbents. They found that those having local or cosmopolitan roles applied different reference groups as sources to define appropriate role expectations (Gouldner, 1957; Merton, 1957).

For instance, in organisations characterised by benevolence criteria, people are inclined towards a friendly environment at the individual locus of analysis. But as it shifts to the right in Figure 2.6, that is from local to cosmopolitan, the consideration also evolves from an individual perspective to a collective (teams' interests) focus and further to a much broader beyond-the-organisation societal interest (corporate social responsibility). Similarly, on the principled ethical dimension, the interests are guided by personal ethics at the individual locus, and by extra-organisational principles spanning across the profession, industry, national or global perimeters when analysed from a cosmopolitan perspective. The source lies within the organisation (e.g. company's policies, procedures and codes) when considered at a local locus of analysis (Victor & Cullen, 1988).

2.7.2.2 The Moral Climate Continuum by Vidaver-Cohen (1995, 1998)

Vidaver-Cohen (1995) put forward a concept of *"continuum"* to identify the moral climate of the organisation. Basically, the two extremes of the continuum would represent the two main states of ethical and unethical climate. At one end of the continuum is ethical climate whereby moral behaviour and practices are strongly prevalent in the organisation. At the other end is the unethical climate characterised by a lack of organisational norms promoting moral behaviour and practices. For example, on the positive end of the continuum, one would tend to see ethical oriented conditions and behaviours. These are characterised by strong norms promoting interpersonal respect, rewarding responsible actions, evaluating the best interests for others while solving ethical dilemmas, allocating resources to create long term goodwill and fulfilling social constructs. On the negative end, one would tend to find all such conditions fostering unethical behaviour and climate.

Vidaver-Cohen's (1995) EWC comprises five dimensions laying emphasis on:

- **Goals**– What are the norms guiding the choice of organisational goals?
- **Means** – What are the norms guiding the attainment of business goals?
- **Reward** – What are the prevailing rules to reward performance?
- **Task support** – How resources are allocated to support the execution of task?
- **Socio-emotional support** – What are the prevailing norms of the sort of relationship expected in the organisation

2.7.3 Ethical Virtues Model

Kaptein (2008a) has put forward the *Corporate Ethics Virtue Model* which, in itself, stems from *Solomon's virtue-based theory of business ethics* (Dierksmeier, 2011). An organisation will have both formal (policies, codes, ethics programs, etc.) and informal control systems (ethical culture and ethical climate) in some form, and the examination of the virtuousness prevailing in the organisation will be key in its evolution (Trevino et al., 1998). Solomon's theory is centred on the premise that both the individual (the leader and member of the organisation) and the organisation (as a collective group) should uphold certain virtues and be guided by them to excel morally (Kaptein, 2008a). Kaptein (2008a) based his research work on the analysis of diverse unethical behavioural cases which mainly resulted from dysfunctional organisational culture and climate. He was of the view that the evaluation of the extent of the ethical culture problem and level of prevailing virtuousness could be determined through the *Corporate Ethics Virtue Model.*

His research uncovered eight critical dimensions of the ethical culture of organisations as follows:

2.7.3.1 The Virtue of Clarity

It was highlighted that vagueness and ambiguity in the approach to handling ethical issues are underlying sources causing unethical practices to prevail in the organisation (Tyler & Blader, 2005). A lack of clear rules, guidelines, policies and normative frameworks in an organisation tends to leave employees to their own self judgement and value system to handle a particular moral issue. Such a lack of definition or clarity in a normative framework shifts the onus of resolution of ethical issues onto diverse

individuals whose level of virtuousness may largely vary. Kaptein (2008a) also found that whilst organisations had codes of ethics, this did not contribute much to the concerned organisations due to their poor ethics communication and dissemination rendering them ineffective in the proper behavioural orientation of the managers and employees.

2.7.3.2 The Virtue of Consistency

Kaptein (2008a) presented this issue from two perspectives, that of the role of the managers and that of the supervisors. In essence, the way leaders, managers and supervisors demonstrate their ethical virtues at work is key in shaping the right perception of their personalities in the eyes of their employees. Because leaders are role models, through the way they consistently act, communicate, behave and guide others, employees look up to them for inspiration. Kaptein (2008a) observed that in many cases where unethical deviations were noted, they were due to bad role modelling of the managers and supervisors. Employees tended to resort to unethical ways when they saw that their own managers were not living up to moral values and upholding ethical standards at work. Kaptein (2008a) finding was consistent with the empirical findings of Brown et al. (2005), whereby employees emulate the ethical or unethical behaviour of their superiors at work.

2.7.3.3 The Virtue of Feasibility

The virtue of feasibility is another major aspect which has emerged quite prominently in several ethical studies. Major corporate ethical failures were characterised by abnormal pressures to meet goals that were often not realistic. Setting overstretched targets to attain sales objectives, market share, profits, dividends, stock prices and value creation for shareholders, etc. are issues that fuel employees to depart from the ethical pathway and more so when the pressure to achieve is unrealistic. When employees do not have sufficient time, budget, tools and empowerment to meet the set goals, pressure mounts up. When this prevails in uncertain or adverse economic conditions, the pressure takes even greater magnitude. Under abnormal stress and for fear of punishment (as also seen in surveys conducted by the Ethics Compliance Initiative), employees tend to embrace unethical ways in an attempt to meet unfeasible targets. Trevino (1986) highlighted that employees under time constraints and pressure are less inclined to uphold rules and ethical standards than those having

sufficient time. Kaptein (2008a) found a similar issue of unethical behaviour on the part of the managers and employees having insufficient means to deliver on the objectives set. This is in line with other empirical findings (Schnatterly, 2003).

2.7.3.4 The Virtue of Supportability

A lack of support for employees and managers is often characterised by deficient commitment to comply with ethical standards or mistrust and is likely to create a sensitive or even a hostile working environment. Research findings showed that a lack of commitment to ethical standards, demotivation and mistrust prevailing amongst employees, and unconducive working environment are typical antecedents of unethical behaviour (Kaptein, 2008a). The presence of such issues in an organisation only increases the risks of unethical behaviour and practices in the workplace.

2.7.3.5 The Virtue of Transparency

When ethical issues are identified and reported within the organisation, there is a need to ensure that all employees, across levels are given full visibility on the consequences of and actions undertaken for ethical deviances. When corrective actions are promptly observable, it elevates the level of perception of employees on the organisational philosophy to penalise unethical practices irrespective of the grade of the employee. When managers and employees see the seriousness of the consequences of their unethical acts (e.g. being deprived of career opportunities or being severely punished by the human resources department), they would tend not to resort to unethical means. Giving visibility to such issues in the organisation acts as a deterrent to others from embracing the same unethical path, as the consequences of such departures can be seen to adversely impact the incumbent (Detert et al., 2007). On the contrary, a lack of transparency on how ethical issues were handled, and the resulting consequences of such deviations would fuel a climate of distrust, as employees would perceive it as being unimportant to the organisation and its leaders. Such a lack of visibility has also been found to have adverse effects on the behaviour of employees (Kaptein, 2008a).

2.7.3.6 The Virtue of Discussability

A working environment opened for raising and discussing ethical challenges, their sources and any alleged unethical behaviours strengthens the organisational ethical

fabric. It elevates the moral standards and maturity of discussing such issues for the welfare of one and all. Conversely, obstructing open discussions of ethical dilemmas being faced by managers or employees is counterproductive to permeating the right ethical culture within the organisation. Kaptein (2008a) found that in such contexts, ethical issues could not be shared, ideas exchanged, and the willingness to openly discuss ethical matters were simply absent; which Bird and Waters (1989) term as *"moral muteness"*. Such moral muteness only propagates amorality in the organisation and discourages initiatives on behalf of employees in making appropriate disclosures, reporting ethical deviances and taking corrective actions. It was also found that persistent trends in avoiding moral talk is a clear predictor influencing the degradation of ethical norms and climate within the organisation.

2.7.3.7 The Virtue of Sanctionability

The virtue of sanctionability refers to the likelihood of unethical behaviours of leaders, managers and employees being punished or of ethical actions being recognised positively and rewarded in some form. It was found that when there is no enforcement of the rules and policies and where deviations are not punished, members of the organisation view unethical deviances as acceptable and tolerated within the organisation. Their views are reinforced, as perpetrators would be seen as going unpunished. Falkenberg and Herrenans (1995) highlighted that *"sanctions are behavioural stimuli"* and that employees and managers will not ignore ethical rules if they are punished for wrongdoings and if the resulting impacts are more severe than the benefits from that particular unethical action. Other similar views were noted thereby re-iterating the need to punish or reward depending on the ethical nature of the actions (Ball et al., 1994; Muel Kaptein, 2011).

The effectiveness of sanctionability is broader when it is also supported by the virtue of transparency as it makes the consequences (sanctions or rewards) more visible to all members of the organisation (Roman & Munuera, 2005).

2.7.4 Antecedents to and the Outcomes of Ethical Organisational Climate

It has been established that workplace ethics culture and climate positively predicts work engagement behaviour and negatively predicts employee intention to leave

(Huhtala, Feldt, Lamsa, et al., 2011; Mitonga-Monga & Cilliers, 2015; Zehir et al., 2012). The research of Mitonga-Monga and Cilliers (2015) revealed that workplace ethics culture and workplace ethics climate had the most impactful contribution to the work engagement variables such as absorption, dedication and vigour. It was also found that work ethics culture and work ethics climate were significantly related to employee engagement.

Huthala et al. (2011) concluded that employees tend to be more emotionally engaged to their work in organisations characterised by strong support and inclination towards ethical standards, systems and practices. In other words, employees are more committed when organisations promote a climate of care, work ethics, recognition and reward of ethical actions or punishment of ethical deviances. The development of an ethical environment can lead to increased mental resilience and engagement levels.

Patterson et al. (2005) suggested that the perceptions of organisational climate are intrinsically linked to diverse outcomes emanating from individuals, groups and organisations. Aspects such as leader behaviour, turnover intentions, job satisfaction, individual job performance and organisational performance play an instrumental role in shaping a particular climate in organisations. Furthermore, Brown and Leigh (1996) posited that when employees perceive the working environment and climate as motivating and engaging, it is likely to influence supervisory ratings of performance positively. Moreover, supervisors also noted that their employees delivered better results when they felt that the organisational climate promoted clarity in the way things were done and how risks were managed.

Arnaud (2006) highlighted that the individual's behaviour and attitudes are intrinsically linked with the prevailing climate at work and vice versa. This reciprocal relationship makes the study of such issues and environment more complex. Arnaud (2006) also highlighted the effects of organisational climate on satisfaction, performance, individual work attitudes, motivation and behaviour of individuals. This was confirmed by many other researchers and scholars such as Mudrack (1989), Johnson (1996) and Glisson and James (2002) in their respective studies.

2.8 ETHICAL LEADERSHIP AND DECISION MAKING

2.8.1 Introduction

Having explored the macro-level variables of the conceptual research model in the preceding sections of this chapter accompanied by the study of key supporting culture, leadership and ethical theories, it was possible to critically establish important interrelationships and effects. Other important findings revealed include:

- Modernisation, economic development and the rise of a gig economy are giving rise to cultural changes and promoting a climate of autonomy, gender equality and democracy (Inglehart & Welze, 2005);
- In the global landscape, the underlying cultural philosophy of Asians, Eastern Europeans and Latin Americans favours group collectivism compared to individualism, expressed by the Anglo clusters who are also more inclined towards performance orientation (House et al., 2004). Furthermore, whilst the United States and India demonstrate significant differences in their cultures, their business leaders are perceived to be promoting ethical cultures more than leaders of other societies. However, American leaders are more analytical in their ethical decision making and rely on normative ethics, whereas Indian leaders rely more on institutions, relations, and hold strong affinity with their organisations (Chakraborty, 1997);
- Organisational performance is conditional upon organisational culture (Brown, 1995; Magee, 2002). Such a culture also influences employee behaviour and builds commitment to the organisation (Sun, 2009);
- Formal and informal perspectives of workplace ethics influence employees' decision making, commitment and engagement levels (Huhtala et al., 2013; Apriliani, Anggraini & Answer, 2014).

The above are few considerations worth mentioning at this stage given their relevance to the present study. Research attention will now be turned to one of the main mediating variables "Ethical Leadership and Decision Making" with a view to understand the theoretical foundation of ethical leadership. Established decision making models, meta-models dealing with ethical challenges, and the relationships between ethical leadership and employee behaviour and performance will be

discussed. The linkages between culture, ethical decision making, and moral intensity are also worth establishing from an empirical perspective.

2.8.2 Ethical Leadership

Brown, Trevino and Harrison's (2005, p.120) definition of ethical leadership is commonly referred to amongst scholars and researchers such as Den Hartog, Trevino, Piccolo, Walumbwa and others. They define ethical leadership as the *"demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision making"*. Through this definition, the importance of the leader's own conduct, how these are promoted within the organisation or society, and how people "read" and perceive their conduct are central to the understanding of ethical leadership. Constituents of ethical leadership are comprised of their role modelling in promoting ethical standards and practices. They reinforce this through their own stewardship, permeating the ethical culture through right actions, communication approaches, decision making and inculcating these into others.

Attention was focused on two main pillars of ethical leadership that of the *moral person* and *moral manager* (Trevino et al., 2000, 2003). Central to ethical leadership is the person's or the leader's own set of moral traits, values and behaviours *(as a moral person).* This encompasses their role as a leader or manager in setting up and living the right moral standards, conduct and practices through their own actions and those of their followers and collaborators *(as a moral manager)*. The *moral manager* has a duty to conform and be seen to be conforming with a complex code of morals. They are expected to have certain moral traits and engage in a set of professionally and socially acceptable behaviours and to reconcile these with their personal and professional lives in a consistent manner (Brown, 2007). Being a moral person and having a strong sense of ethical awareness are not the only required ingredients to be a success ethical leader. It also demands managerial skills to direct attention on ethics, and infuse the right set of principles guiding ethical actions and citizenship behaviours (Toor & Ofori, 2009; Trevino et al., 2000, 2003). Ethical leadership is ultimately about formulating and advocating ethical principles and organisational concerns related to

moral and sustainable interrelationship between the enterprise and its members (Brown et al., 2005).

Lawton and Páez (2015) presented *virtues (the who), purposes (the why)* and *practices (the how)* as three interlocking dimensions of ethical leadership. In other words, the interplay of these three dimensions can lead to different forms of ethical leadership. Ethical leaders are "*individuals who are impartial and unbiased, exhibit ethical behaviours, take the wishes of people into notice and protect their employees' rights fairly"* (Zhu et al., 2004b). Ethical outcomes often demand that the leader is virtuous (e.g. courageous, truthful, fair, honest, etc.), and engages others for a purpose (social or economic) through the execution of the right practices (e.g. judgement, ethical decision making, etc.). Cunliffe (2009) called this the "being" and "doing" of leadership and which can be mapped onto the virtue-purpose dimension. Authors such as Ciulla (2005) highlighted the need to distinguish between moral excellence (being a good leader in a moral sense) and technical excellence (being an effective leader).

Khokhar and Rehman (2017) classified most of the current research studies being undertaken on ethical leadership as:

(a) **Ethics within the leader** – This is similar to the *moral person,* as conceptualised by Trevino et al. (2003) with the ethical qualities and traits, such as trustworthy, honest and fairness, required for ethical leadership

(b) **Ethical leaders influencing followers** – This pertains to the attributes, principles, values, *"walk-the-talk"* behavioural style, role modelling of the *moral manager* and their interaction and engagement approaches to inspire their subordinates (Mayer et al., 2009). Ethical leaders tend to give priority to ethics in their agenda to influence followers in their behavioural journey. They also use reward and punishment mechanisms for the accountability of followers against well-established standards (Brown et al., 2005).

(c) **Challenges faced by organisations in implementing ethics** – These pertain to situational dynamics prevailing in the organisation such as the pressure from shareholders or other stakeholders, ethical climate, barriers to implementation and compliance of ethical standards and codes etc.

In the study of moral orientation to leadership, Leithwood, Jantzi and Steinbach (1999) put forward two key issues necessitating attention, and which could be useful to the understanding of the ethical leadership and decision making variable in the present study, namely:

(a) The nature of values used by the leaders in their decision making processes
(b) How the conflicting issues are addressed among the values

2.8.2.1 Relationship between Ethical Leadership and Employee Moral Attitude and Behaviour

Mo et al. (2012) established ethical leadership as a key predictor influencing employees' moral attitude and behaviour. Avey et al. (2009) highlighted psychological capital as being a key enabling factor on positive organisational behaviour. The four key psychological constructs of self-efficacy (employee's firm confidence in their own ability to achieve goals), optimism, resilience and hope thus to play a fundamental role in regulating employees' motivation.

2.8.2.2 Relationship between Ethical Leadership and Employee Performance

In a study conducted by Khokhar and Rehman (2017) in the educational arena, a direct relationship was established between ethical leadership and employees' performance. Ethical leadership positively influenced the employees' performance in a significant way. It was also found that an indirect link existed between these two variables through the partially mediating effect of a counterproductive work environment on employees' performance. Interestingly though, a mediating variable such as organisation citizenship behaviour did not influence the relationship between ethical leadership and employees' performance.

Park, Song and Kim (2015) conducted a similar study in the Korean public sector. This was grounded in *social learning theory or social cognitive theory* but focused on the effects of ethical leadership on the employee in-role performance. It was found that ethical leadership has a significant indirect impact on in-role performance. The employee psychological ownership is a state where the employees feels the organisation as being theirs and hence they invest more efforts or demonstrate stronger commitment. This played a mediating role between ethical leadership and

employee in-role performance. It has been established through these theories and empirical findings that people learn from their models (leaders demonstrating ethical behaviour in their workplace consistently), then react through internal cognitive events before responding with positive attitudes and behaviours. The findings of Brown, Trevino and Harrison (2005c) reinforced the positive association of ethical leadership with employees' job satisfaction, motivation, and organisational commitment.

Outcomes from the studies by Piccolo et al. (2010) and Walumbwa et al. (2011) both confirmed that ethical leadership has a significant positive effect on employee performance or job/task performance. It was also established that employees perform better as they are psychologically motivated by their leaders' ethical behaviours. These studies also highlighted the importance of the quality of the relationship between the leaders and followers. It is an enabling factor ensuring alignment between the two parties, and engagement and motivation of the followers in attaining business goals ethically. Some studies used trust as an indicator to measure the quality of relationship. However, Zhu et al. (2013) and Bouckenooghe, Zafar and Raja (2015) focused on the study of goal congruence between leaders and followers as being the key factor explaining how ethical leadership influences followers' in-role job performance. Their findings indicated that ethical leadership enhances followers' in-role performance through positive effects of motivation and its underlying constituents of self-efficacy, optimism, resilience and hope (coined as *psychological capital)* by Avey et al. (2009). To sum up, ethical leaders who communicate openly, show consistency and alignment in their ethical messages and actions, role model and create a fair context at work unlock the positive psychological states and behaviours of their subordinates. The study also confirmed that goal congruence is an enabling mechanism between ethical leadership and employee performance.

2.8.2.3 Relationship between Ethical Leadership, Organisational Commitment and Job Satisfaction

Several researchers have studied the interrelationship between ethical leadership, organisational commitment and job satisfaction. Organisational commitment is defined by Mowday, Porter and Steers (1982, p.27) as *"the relative strength of an individual's identification and involvement in particular organisation"*. Allen and Meyer (1990) presented a three dimensional model of organisational commitment comprising:

- **Affective commitment** – Whereby the employee holds strong job commitment due to emotional reasons;
- **Continuance commitment** – Whereby commitment arises due to the fear of losing the job position or gains attached to the position, and hence commitment continues for that main reason;
- **Normative commitment** – Whereby there is a clear motivation to stay committed to the organisation so as to uphold responsibilities and obligations towards the employees.

Çelİk, Dedeoğlu and İnanir (2015) conducted a study on these key variables in the hotel industry and found that ethical leadership has a positive effect on both organisational commitment and job satisfaction. The interrelationship between organisational commitment and job satisfaction was also established, with organisational commitment having a mediating effect on job satisfaction. This is also supported by the earlier findings, where managers demonstration of clear ethical behaviours affected job satisfaction and organisational commitment positively (Vitell & Singhapakdi, 2008).

2.8.3 Ethical Decision Making – Theoretical Models

Decision making stands as a crucial process in the overall organisational dynamics, as it is the trigger point for subsequent actions with varying impacts. Individuals or groups of individuals are all subject to such a process when confronted with a moral dilemma. Both Rest (1986) and Trevino (1986) defined almost similar processes of ethical decision making thereby specifying the subtle psychological stages through which a person progresses to reach to an ethical decision as depicted below. However, Rest (1986) identified *moral intensity* as a component which plays a crucial role in the overall ethical decision making process. This component subsequently became the research dimension for many studies conducted by scholars and researchers (Barnett, 2001; Chia & Mee, 2000; Frey, 2000; Harrington, 1997; Lincoln & Holmes, 2008; Singhapakdi et al., 1996).

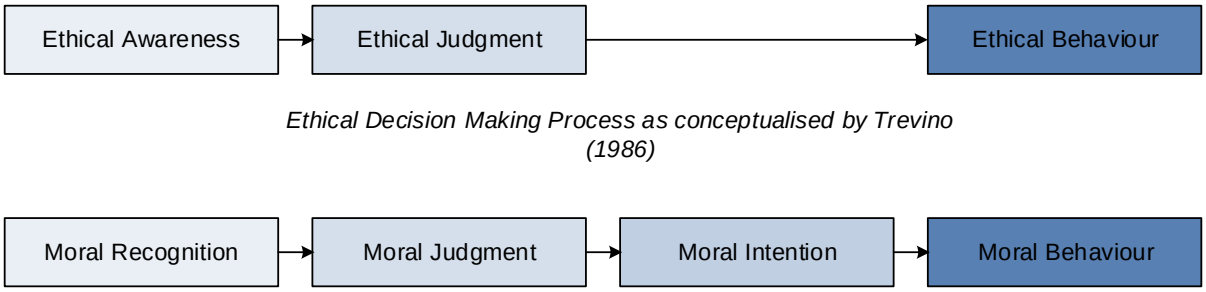


Figure 2.7. Comparative ethical decision making processes.
Source: Trevino (1986), Rest (1986)

Moral recognition (also referred to as *ethical awareness* or *moral sensitivity*) refers to the ability of a person to determine and recognise a moral issue in a particular situation (Rest, 1986). This requires the person to be aware of the potential harm and/or benefit that their actions may entail for other people within the organisation or society. At this stage, a person is able to decipher that a particular situation has a moral content and implication (Hunt & Vitell, 1986; Reynolds, 2006).

The subsequent stage as conceptualised by both Trevino (1986) and Rest (1986) is the process of *moral judgment* (also referred to as *ethical judgment*). At this stage, the individual judges between what is right and wrong. The individual evaluates possible avenues or solutions to an ethical dilemma and then applies their reasoning to determine the ethical soundness of such options by evaluating their respective potential consequences (Lincoln & Holmes, 2011). It was also highlighted that moral judgment differs from person to person, depending on the degree of their moral development (Reidenbach et al., 1995).

The third stage of Rest's model is the process of *moral intention or moral motivation* which refers to the intention to opt for an ethical decision over another solution of different value. At this stage, the individual takes an ethical stance and chooses the moral value. For instance, a leader may be confronted to choose between two solutions to an ethical dilemma, but their decision is motivated by consideration of the value of morality over the alternative solution.

The last stage of the ethical decision making process is *moral behaviour* (also referred to as *ethical behaviour or moral action*). This is the culminating point of the influences

of the earlier stages whereby the individual acts in the situation. It involves determination, courage and ability to follow through to reach an ethical decision (Lincoln & Holmes, 2011). Rest and Narvez (1994) concluded that any shortcoming or failure at any of the stages of the process is likely to result in a failure in ethical decision making.

The theoretical model put forward by Rest (1986) attracted further studies. Jones (1991) developed a *moral intensity model* based on the *Rest's theory*. This proposed that moral intensity (i.e. the degree to which an individual sees an issue as an ethical one) influences ethical decision making. He identified six underlying factors or dimensions of moral intensity having effects, at varying degrees, on someone's ethical decision making:

(a) **Magnitude of Consequences** - This refers to the degree of ethical impact (harm or good) caused by the decision maker's action; the larger the significance of the moral impact, the higher will be the moral intensity.

(b) **Temporal Immediacy** – This relates to the time difference between an action happening and its likely ethical impact or consequences; the more immediate the consequences are manifested in a negative way the higher will be the moral intensity and vice versa.

(c) **Proximity** – This refers to the closeness of the decision maker and the person(s) whom the decision is likely to affect. It measures the physical, social, cultural or psychological association of the decision maker and the potential victims or beneficiaries. An increased proximity implies intense moral implications.

(d) **Social Consensus** – This refers to degree of consensus amongst individuals or social groups of whether an action is regarded as good or bad. Accordingly, when there is a strong social consensus that an act is unethical, then there is an increased moral intensity.

(e) **Probability of Effects** – This concerns the likelihood that the predicted consequences and anticipated level of harm or good will happen. If the probability and level of impact are high, so will, the moral intensity.

(f) **Concentration of Effects** – This refers to the number of people impacted and the magnitude of such ethical impact; the higher such concentration, the higher the moral intensity.

Lincoln and Holmes (2008) developed an empirically supported meta-model combining Rest's psychological processes and Jones's characteristics of the moral situation. This was a check model or framework to help individuals to evaluate, analyse and resolve ethical challenges. This is compared with the ethical check model of Blanchard and Peale (1988) as depicted below.

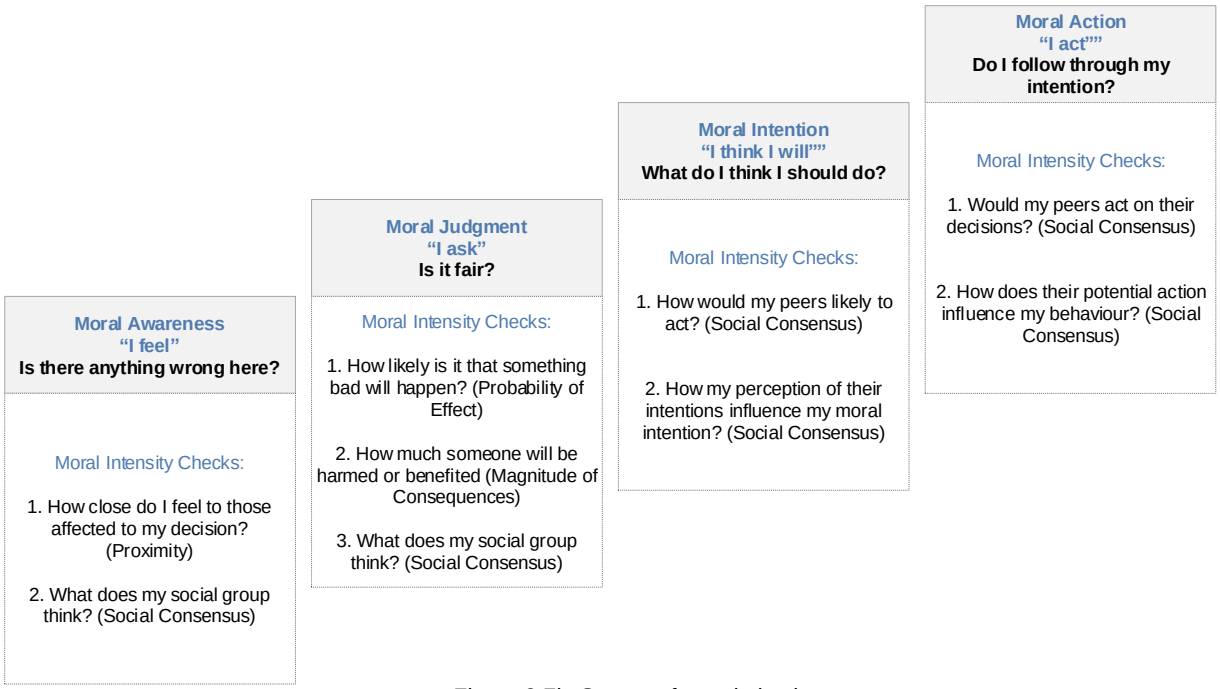


Figure 2.7b. Stages of moral checks
Adapted from Holmes' Meta-Model based on Rest (1986) and Jones (1991) models

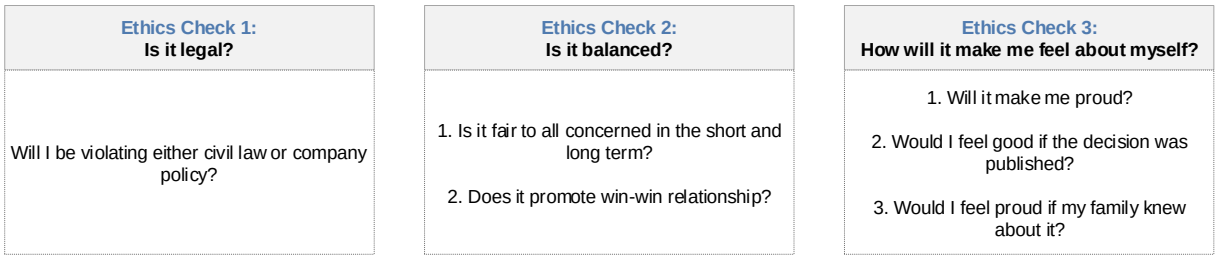


Figure 2.8. Ethical checks for leaders and managers.
Adapted from Blanchard and Peale (1988)

Whilst Holmes (2007) meta-model is a step-by-step process for dealing with ethical challenges, Blanchard and Peale (1988) provided a simpler view of how ethical checks can be undertaken for proper decision making. Holmes (2007) used a combination of various moral intensity factors such as *proximity, social consensus, magnitude of consequences and probability of effects* to reach the ethical decision making point. In contrast, the ethics checks proposed by Blanchard and Peale (1988) seemed to be driven heavily by the *social consensus* factor and to some extent to *magnitude of consequences.*

As depicted in Figure 2.9 below, Schell-Busey (2009) presented an integrated model of ethical decision making using three key models put forward by Rest (1986), Trevino (1986) and Jones (1991). Meta-analysis was used to examine the preventative effects of ethics on corporate crime. Results showed that codes and support systems such as enforcement and top management support were key factors having effects on ethical decision making and behaviours (Schell-Busey, 2009).

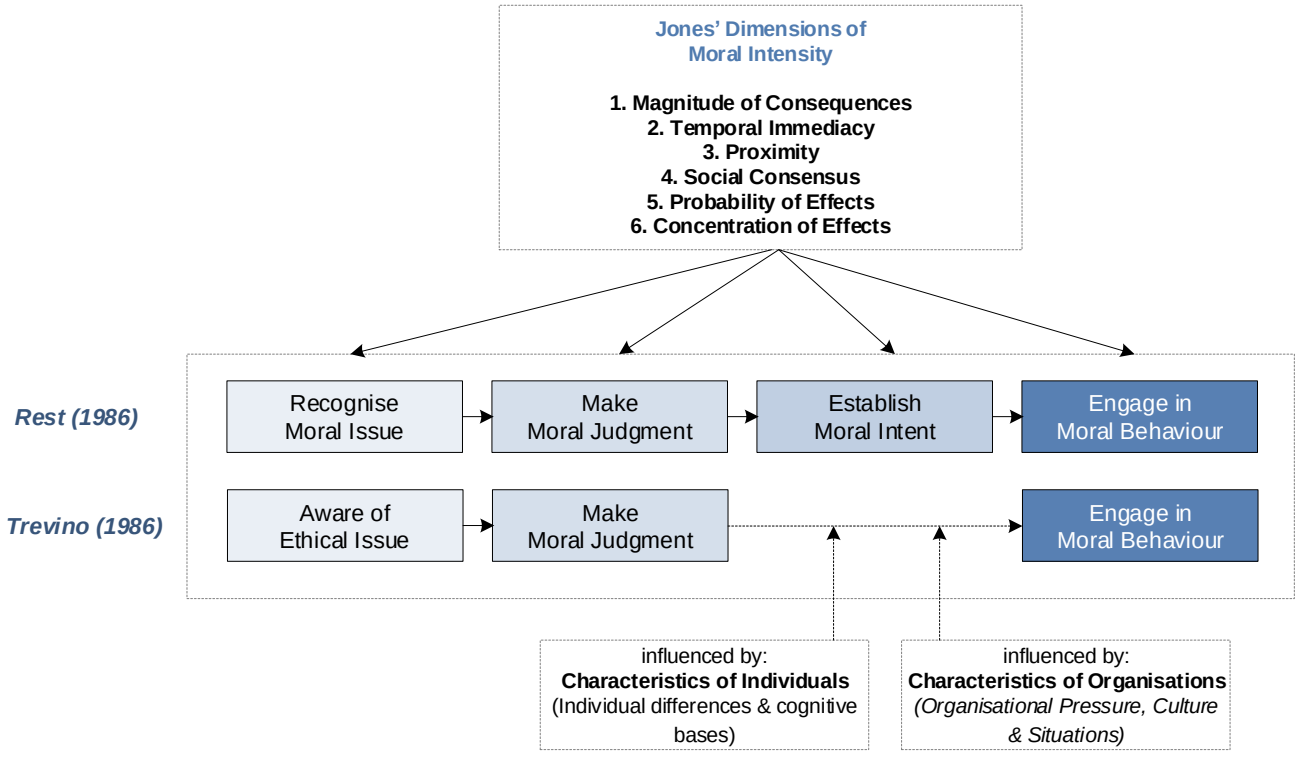


Figure 2.9: An integrated decision making model.
Source: Adapted from Schell-Busey Model (2009), Rest (1986), Jones (1991) and Trevino (1986)

Mumford et al. (2008) stressed the *reasoning* aspects of human beings when confronted with challenging ethical pressures. Several researchers and psychologists spoke about the concept of *sensemaking* in the overall process of ethical decision making (Antes et al., 2007; Caughron et al., 2011; Weick, 1995).

According to Weick (1995, p.14) for example, sensemaking helps to *"construct, filter, frame, create facticity and render the subjective into something more tangible"*. In other words, it is a process or act of discovery which precedes interpretation. In fact, when someone faces situations characterised by novelty, complexity and ambiguity, it will likely cause the person(s) involved to realise that there is something abnormal happening for which they would wish to obtain an understanding of their situations. The individual would tend to gauge what such novel, complex or ambiguous situations mean to them, how they would be impacted by these conditions, and based on the information they gather, what would be their understanding for future decisions. This process is often referred to as sensemaking. This process starts when someone recognises the disturbing situation and tries to gather information so as to deduce what is happening. The individual is then at a stage where they can put together the pieces of information to draw a deeper understanding and on the basis of which they will act upon it, monitor or ignore the situation (Weick, 1995).

In the study conducted by Caughron et al. (2011), based on Mumford et al.'s (2008) cognitive reasoning strategies, the effects of situational conditions and the mediating effects of cognitive reasoning strategies and sensemaking on ethical decision making were established as depicted below.

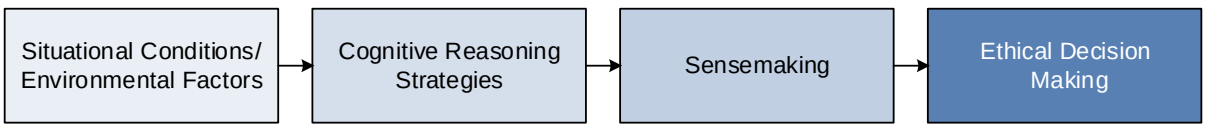


Figure 2.10. Ethical decision making stages.
Source: Adapted from Caughron *et* al. (2011)

Mumford et al. (2008) established seven distinct cognitive reasoning strategies that promote ethicality namely:

(a) Recognising circumstances – The process of understanding from where the problem sources, why it is happening, who are involved, who are impacted, to what extent, what are the principles, goals and values?

(b) **Seeking outside help** – The process of consulting others, seeking advice and support of the leaders, peers, subordinates and external contacts who could have witnessed similar situations and learn from them.

(c) **Questioning one's own and others' judgement** – The process of identifying associated challenges from ethical decision making and determining whether the decisions/judgement were proper or not.

(d) **Dealing with emotions** – The process of assessing and controlling emotions when confronted with ethical dilemmas or challenging situations.

(e) **Anticipating consequences of actions** – The process of determining potential impacts of particular decisions or actions on others whether in the short, medium or long term.

(f) **Analysing personal motivations** – The process of considering one's own set of guiding principles, values, interests, and decisions and how the ensuing actions can be presented, explained and justified to others. It also concerns gauging one's own ability of making ethical decisions.

(g) **Considering the effects of actions on others** – The process of gauging the effects (social and professional) on others of decisions taken or actions undertaken whilst being mindful of people's perceptions, concerns and reactions.

Mumford et al. (2008) highlighted that such reasoning strategies will help in the sensemaking process and also enhance ethical decision making. Caughron et al. (2011) explained that the process of sensemaking can be impacted by one's own biasness and situational/environmental factors. They also posited that there is a need to integrate all relevant information on the situation so that an assessment can be made on the various options available for proper ethical decision making whilst recognising the concerns of various people.

A key finding from the various studies as well as that of Caughron et al. (2011) is that an emphasis on outcomes relevant to oneself, as compared to a broader group, is likely to have repercussions on the ethical decision making process. In other words, a motivation for personal-level rewards or consequences could influence an individual to make a less ethical decision. It therefore becomes important for leaders to consider and emphasise broader outcomes when ethical decisions are being made.

Mumford *et* al.'s (2008) attributes of cognitive reasoning reveal that there is a major underlying philosophy of sensing the ethical issue through a process of taking cognisance of the ethical dilemma, the circumstances, reasons and motivations behind it, and understanding the effects of decisions or actions on other people. Following this sensing process, a response of the individual would typically follow through decision making or actions of some form. This typically encapsulates a philosophy of *sense and response.* This has been prominently applied in fields where there is an element or environment of unpredictability which necessitates an organisation or individual to be ready in effectively responding to such situations. For instance, such dilemmas have been dealt with in the post-industrial paradigm when it comes to sensing and responding to changing customer demands, preferences or behaviour (Haeckel, 1999). The concept of "sense and respond" has evolved into a fully-fledged business theory in this dynamic world. Haeckel (1999) refers to this paradigm as *"a comprehensive, scalable and internally consistent recasting of industrial age strategy, structure and governance to cope with the post-industrial environment of unpredictable change."* The complexity associated with human behaviour in handling ethical challenges warrants, similarly, the application of such dynamic approaches. Sensing ethical issues earlier and responding through appropriate decisions and actions is a leadership imperative today when it comes to shaping the right ethical climate and culture within organisations. Whilst a dynamic sensing of ethical dilemmas is key, the prompt determining of which key ethics related actions should be applied and executed in such circumstances is accordingly fundamental in an ever-changing business environment.

The study of Kurtines (1986) highlighted contextual factors as an important influential issue on ethical decision making. Situational factors were better predictors than individual factors when assessing their effects on ethical decision making (Kurtines,

1986). Vergés (2010) also highlighted the importance of the context in which the dilemma happens when putting in place strategies to proactively address ethical challenges. Along similar lines, Hill, Glaser and Harden (1998) considered the social context in their *"feminist model",* whilst Betan (1997) incorporated the context in which therapeutic relationships occurred to understand ethical decision making implications. It was also noted that models have in general laid more emphasis on solving ethical issues reactively than addressing them before they arise. In their studies, Cottone and Claus (2000) confirmed that most models, except that of Welfel (2006), had considered ethical dilemmas as the starting point of the respective process models with little emphasis on preventive steps. In their study of how graduate students react to conflicting ethical situations in research, Mumford et al. (2007) found that the environment dimensions were better predictors than climate dimensions of ethical decision making.

2.8.4 Ethical Decision Making – Empirical Findings

2.8.4.1 Relationship between Ethical Decision Making and Moral Intensity

It is suggested that moral intensity would directly influence the *moral recognition*, *moral judgment* and *moral intention* stages of the ethical decision making process as conceptualised by Trevino (1986) and Rest (1986) with *moral recognition* and *moral judgment* also jointly playing a mediating role influencing *moral intention* (Jones, 1991; Yang & Wu, 2009). Both Singhapakdi, Vitell and Kraft (1996) and Singer (1998) confirmed, through their respective studies, that moral intensity influences ethical decision making. In a study conducted by Singhapakdi, Vitell and Kraft (1996) with members of the American Marketing Association, it was found that all the six dimensions of moral intensity, as put forward by Jones (1991), influenced the ethical perceptions of marketing professionals.

Jones (1991) also observed that when the moral intensity is high in a particular issue (more unethical in nature), it will be recognised more often than when the moral issue has a low intensity (less unethical in nature). According to the various studies, it was found that moral intensity influences moral judgment, with individuals spending more time and effort in situations characterised by high moral intensity. Likewise, in situations of low moral intensity, individuals tend to spend relatively less effort (Davis et al., 1998; Frey, 2000; Jones, 1991). It was also found that moral intensity is

positively linked to the intention of decision making (Harrington, 1997; Singhapakdi et al., 1996).

Bearing in mind the influences of moral intensity on ethical decision making, it was suggested that organisations should implement ethical training programmes to help employees understand the ethical decision making process, and the interrelationships, differences and effects of the moral intensity factors for their own effectiveness in handling ethical challenges (Okleshen & Hoyt, 1996).

Lincoln and Holmes (2011) focused their research on 812 service academy students of diverse backgrounds, races and ethnicity in Canada, to learn about the factors influencing decision making. The results supported the relationship between moral intensity and ethical decisions, highlighting that people's abilities to recognise a moral dilemma, make judgments, and act are seriously affected when they are confronted with ethically charged situations. This also helps to understand, to a certain degree, why so many ethical deviances occurred that adversely impacted the global economic scene since the fall of Enron and others. Lincoln and Holmes (2011) found that *social consensus* was a key influencing factor guiding the students' judgment and decision making as they were significantly influenced by what others within their own social group saw as being morally right or wrong. A strong relationship between *proximity* and *moral awareness* was also identified, but consensus was not reached with other previous studies linking these two components (Barnett, 2001; Frey, 2000). However, there was consistency with previous studies that the surveyed students consider the *magnitude of consequences* and *probability of effects* when having to make a moral judgment and intention to act. They considered how likely and impactfully their actions would be to harm or benefit others (Lincoln & Holmes, 2011).

2.8.4.2 Relationship between Ethical Decision Making and Culture

When studying prevailing cultures in certain societies, it is noted that there is an evident pattern in the way decisions are made. For instance, Chinese societies are largely influenced by Confucian rules and values relying on filial and personal relationships (*"guanxi"*). Yang and Wu (2009) highlighted that *guanxi* becomes an enabler of transactions in such a society, as the culture is to respect and nurture the

relationship with the boss, show full loyalty to him, and maintain secrecy of the decision making process. In such environments, the ethical perspectives of accountants are likely to be challenged by traditional values, thereby influencing their ethical judgment. It was flagged that the promotion of subordinates is normally subject to the degree of the subordinates' loyalty to and *guanxi* with the boss and thus making ethical judgments more challenging (Wright et al., 2002).

In a relatively more recent study conducted by Zheng et al. (2014), focus was centred on the influence of American and Chinese cultures on consequentialism orientation in decision making. The study examined the effects of culturally-oriented ethical beliefs on psychologists' decision making, and significant differences were noted between these two cultures. This was mainly explained by the fact that the American and Chinese ethics originated from two different philosophies. The *rule consequentialism*, characterised by the fact that a set of rules have the best consequences for producing good and impartial outcomes, is more popular amongst American psychologists (Hooker, 2000; Kahn, 2012). In contrast, the Chinese ethical system which stems from Taoism, Confucianism and Buddhism places significant emphasis on relationships when considering ethical deliberation. Human relationships are considered as an important aspect in the overall ethical process in the Chinese culture, where the assessment of moral worth of a particular action is based on the extent to which it created goodness and harmony for the state (Ivanhoe, 2005). The Chinese culture which includes modes of social learning, cultural rituals and modes of politics holds significant influence on individuals' decision making. In such contexts, decisions are made in consideration of the overall good to the state rather than the individual self. Hence decisions are oriented more towards state-consequentialism (Zheng et al., 2014).

2.9 INTERNAL AND EXTERNAL WORK PRESSURES

2.9.1 Introduction

On the back of multiple corporate failures and ethical deviances registered on the global front, work pressure stands out as one of the common influential factors affecting professional behaviour of employees (Ethics and Compliance Initiative, 2018c). Work pressure was viewed as a core mediating variable in the conceptual research model of the present study. Given the multiple implications of work pressure on the employees' morale, attitude, conduct and behaviour, it is subjected to literature review so as to obtain answers to questions such as:

- What are the main sources of work pressure and how are they rated in terms of prevalence or intensity?
- What are the underlying theoretical or contextual explanations?
- What are the main causes leading to an unethical climate in the organisation?
- What role does work culture, leadership and decision making play in shaping up the right ethical climate or fuelling a state of anomie in the organisation?
- What is the level or intensity of pressure facing employees in different countries and is there any relationship with national culture or leadership behaviour?

Internal and external pressure factors are causing a shift in the way ethical culture evolves within organisations. Internal pressures would usually take the form of elements personal to the individual such as his own survival, job security, meeting his financial obligations and his career. External pressures usually come in the form of meeting business targets and goals, ensuring financial success of the organisation, value creation for the shareholders and the like. Business and competitive pressures, investors' and shareholders' demands, supervision by authorities, socio-economic pressure, political pressure, scandals, globalisation and the pandemic are but few examples of the external forces causing a radical change in behaviour thereby putting ethics at the centre of the debate. Similarly, forces such as work pressures towards meeting aggressive business targets and tight deadlines are also affecting the professional conduct of leaders. In his Corporate Ethical Virtues Model, the 8 virtue model used to measure ethical culture of organisations, Kaptein (2008a) calls this *"The*

Virtue of Feasibility" whereby the setting of unrealisable targets tends to lead towards higher levels of unethical behaviour. Schweitzer, Ordonez and Douma (2004) discovered similar empirical findings.

2.9.2 Merton's Theory of Social Structure and Anomie

Vidaver-Cohen (1993) examined how anomie (lack of ethical standards) occurs in the workplace. One of the main causes of unethical behaviour in workplaces is the excessive pressure which management puts on goal attainment without a corresponding counterbalance for legitimate procedures. Vidaver-Cohen (1993) backed his examination by *Merton's theory of social structure and anomie*. Whilst the individual's moral character was often considered as a key determinant of ethical conduct, it was found that the work environment plays an equally influential role on the behaviour of employees. Since its initial conceptualisation stages in 1938, Merton's model gradually evolved to become one of the most important frameworks for explaining criminal conduct in societies (Merton, 1964). Merton identified and put forward some key issues worth considering for the understanding of organisational anomie:

- High rates of unethical practices, anti-social behaviour and illegal conduct occur as a result of inordinately strong emphasis placed on achieving goals and targets without corresponding emphasis on adhering to legitimate procedures helping to attain such goals.
- A discrepancy between the *"means and ends"* or a social disequilibrium characterised by non-adherence and ineffectiveness of conduct-governing rules causes anomie.

The application of *Merton's theory* to the corporate world is worth exploring. One criminologist suggested that *"the goal-seeking nature of corporations make them inherently criminogenic*" (Box, 1983). This is largely due to the fact that organisations operate in an unpredictable environment where the survival of the fittest dictates the corporate play. In such conditions dictated by uncontrollable pressures, legitimate opportunities to meet business goals become limited.

In the same way, it was noted that the ever-mounting quest for profit maximisation led to a climate conducive to unethical practice, as employees face constant pressure to meet profit goals, sometimes at any cost. Under such conditions from their superiors, employees feel compelled to depart from the ethical path in order to accomplish organisational objectives (Passas, 1990). Such challenges are not only present in profit-oriented organisations but also in non-profit institutions, where their survival nonetheless rests on an economic foundation. Similar pressures to meet institutional goals and maintain their existence may force members to respond to such pressure through illegal practices (Vaughan, 1983).

Vidaver-Cohen (1993) highlighted that anomie creates a non-conducive working environment characterised by futility, alienation, powerlessness and mistrust amongst employees. Vidaver-Cohen (1993) drew attention to the following key reasons leading to unethical conduct arising from psychological experiences of the members, ethical climate, work culture and systems of the organisations:

(a) **Climate of non-adherence to legitimate practice**: The degree to which the members of the organisation are adhering to standards of legitimate practice is central to how one perceives, observes and respects the working environment. One may see it futile to abide by such standards if others disregard their importance, compliance and enforcement. In such conditions, people are more likely to indulge into unethical actions (Passas, 1990).

(b) **Climate of alienation and disrespect**: Anomie in organisations often creates a feeling of alienation and lack of respect (Vidaver-Cohen, 1993)**.** The interpersonal issues emanating from such anomies may foster an odd attitude in employees to abstain from showing respect to and care for the welfare of others, and also the potentially adverse consequences of their actions on others (Lickona, 1976). These situations tend to fuel conditions for ethical deviances amongst employees.

(c) **Climate of inordinate pressure to meet objectives**: The issue of inordinate pressure coming from higher authorities in the organisations to engage in some forms of unethical practices to meet business goals puts employees or subordinates in a delicate situation of powerlessness to counter such demands.

This may be due to fear of being severely reprimanded, losing opportunities for future career growth, or having their jobs or positions at stake. Such conditions may lead employees to depart from sound ethical standards just for the sake of being in the *"good books of the boss"* and avoid such pressures. Accordingly employees may perceive that the only way they can gain greater influence in such an environment is through committing illegitimate or illegal acts (Vidaver-Cohen, 1993). It was also noted that leaders are more concerned about addressing issues obstructing goal realisation without necessarily considering the aftermath should the goals be achieved through unethical means. Leaders' performances, rewards mechanisms and personal brands are often judged by attaining hard business targets (whether being profits maximisation, dividends to shareholders, revenues, market share, share prices, etc.). Thus, they are themselves in a conflict between an egoist and moral perspective. Furthermore, it was highlighted that *coercion and control* constitute an external force influencing the behaviour of marketing managers through threats and other similar sources of power (Beck et al., 2010; Fritzsche & Becker, 1983).

(d) **Climate of organisational deficiencies**: In organisations where *fairness, equity, role modelling and compliance to ethical standards,* and *responsiveness* to people issues are lacking, there is an inclination towards moral regression amongst the individuals and distrust in the organisational systems and norms. Some of the key aspects influencing the organisational climate which need consideration include culture, reward and punishment philosophies, leadership, clarity in policies and mission statements as explained below.

Culture - An organisation culture that is communicating a strong message to the staff that *"the ends justify the means"* only amplifies the prevalence of normlessness and anomie in the organisation. Formal and informal cultures prevailing in the organisation thus have effects on the ethical work climate.

The dynamics of rewards and punishment - Furthermore, a culture of rewarding good behaviours and performance, but punishing any forms of unethical action or assistance used will help to curb anomie in the organisation. An institution is likely to witness higher levels of unethical climate prevailing if employees are

punished for not realising goals, but are rarely penalised if they resort to unethical ways of attaining goals (Vidaver-Cohen, 1993).

Leadership and decision making – The role modelling of the leaders in preaching, adhering to and living the ethical standards is of paramount importance to setting the right ethical environment. As Trevino (1990) stated, "*leaders communicate values and standards directly through their actions".* Ignorance of rules, regulations, procedures and policies for ease of attaining any business goal or objective by the leaders can simply ignite ethical deviances amongst the followers. In the absence of *"walk the talk"* in embracing ethical approaches, employees tend to mimic their leaders and over time, one can only see a degradation of the ethical work climate and an upsurge of anomie. Moreover, a leader who is willing to obtain full participation of the organisational members on a particular plan or project will ensure that they participate in the decision making process. The non-enlistment of their support or views, however, often tends to create disengagement and grudges (which may not be voiced due to fear of the hierarchy, but are manifested through an adverse organisational climate emanating from such disengagements and grudges). Likewise, if the ethical and legal ramifications of management decisions are not assessed, it is very-likely that subordinates will deduce incorrect perceptions and be inclined to resort to unethical approaches. In this regard, the integration of ethical considerations in the decision making process of the organisation is suggested, thereby enabling the right ethical climate to permeate (Trevino, 1990).

Rigidity in organisational structures – In organisations characterised by directive leadership with a strong authoritative style, the structures and levels are often very rigid in nature and remote from being challenged by subordinates. Even if bold targets are set, they are rarely justified. It was highlighted that employees feel obliged to accept such directives due to their subordinate roles rather than being guided by their own moral compass of what is right or wrong (Batson, 2011; Kelman & Hamilton, 1989). Furthermore, when the responsibility of actions or results are blurred and accountability diffused, it becomes hard to ascertain who has gone wrong or failed (Boisjoly et al., 1989).

Such work environments hinder the establishment of the right climate to promote ethical practices. It should be noted that inadequate formal and informal controls to spot and curtail unethical behaviour and practices will only expose the organisation systems to be “beaten” by the deviants.

Clarity of policies and mission statements - Broad and unclear specifications of organisational policies, codes and reporting are considered as enablers of anomie in organisations. This allows employees to have full latitude to interpret the codes as they wish and react as per their own understanding. They can accomplish the set objectives through illegitimate means whilst not violating behavioural guidelines (Vidaven-Cohen, 1993).

Similarly, shareholders and top management communicate issues of great importance through their corporate mission statement (Burke, 1982). It is crucial that mission statements be carefully crafted to send the right signals to employees of the organisation. A performance-oriented or competitive-driven message without an adequate balance on soft values such as customer, employee, community care and service considerations may lead to higher degrees of anomie. This is because employees may see it as more important to focus on the harder aspects of goal attainment than considering the softer aspects (Vidaver-Cohen, 1993). Furthermore, even carefully crafted mission statements can only yield the required effectiveness when: (a) the organisational members are supported with appropriate programmes on how to deliver on the company’s mission whilst observing ethical requirements and, (b) such mission statements are lived by one and all (across the hierarchy) consistently over time. A gap in the specification and application of such corporate statements will only fuel the risk of anomie.

2.9.3 Global Findings on Workplace Pressures

Having evaluated the factors causing anomie from a conceptual perspective, it is worth now exploring the situation on-the-ground to get a proper reality check through what has been studied as it will enable to subsequently evaluate and compare the findings

from the present study, for the first time, with those undertaken on the global front more specifically with regards to workplace pressures and ethical practices.

In this connection, when assessing the state through surveys (2005 US Integrity Survey), it was found that 74% of the respondents had witnessed unethical behaviour in their work group (KPMG, 2005). In the National Business Ethics Survey of Fortune 500 employees conducted in 2011, it was noted that 52% of workers had observed misconduct in America's most powerful companies, despite having ethics programmes and standards in place (Ethics Resource Centre, 2012).

In the latest survey conducted by the Ethics and Compliance Initiative in 2017, it was found that pressure and retaliation are the two metrics that could materially jeopardise redress of ethical deviances. It was noted that pressure to compromise ethical standards was on the rise with an increase of 23% in 2017 compared to the last survey undertaken in 2013. A total of 84% of those who felt pressure also observed misconduct thereby indicating effects of pressure leading to misconduct.

Furthermore, it was noted that organisations characterised by a strong culture experienced lower reported rates of pressure (12%) compared to those with weaker cultures. Their employees experienced pressure by almost 3 times (34%) more than their counter parts in organisations with stronger culture. Interestingly there is an apparent correlation between pressure and the S&P 500 index. It was noted that as the market improves (characterised by mounting performance of the S&P 500 index), more employees felt increased pressure to compromise ethics standards. When markets faced recession, fewer employees felt the pressure to compromise. Linked to the stock trading context, the issue of pressure was seen to come in a different form in the survey of 2012 by the then Ethics Resource Centre. It indicated that 1/3rd of the surveyed Fortune 500 employees who watched stock prices all day long confirmed having been pressurised to compromise ethical standards (Ethics Resource Centre, 2012). The survey also highlighted that the most profound pressured resulted from personal motivation and needs, the top ones are depicted in Table 2.1 on page 136 of the thesis:

Table 2.1

Order of Intensity of Internal and External Pressure in Fortune 500 Companies (Adapted from the Ethics Resource Centre Report, 2012)

Order of Intensity	Nature of Pressure	Source of Pressure
1.	Keeping your job	Internal
2.	Meeting your personal financial obligations	Internal
3.	Meeting quarterly earnings targets	External
4.	Upholding brand and reputation	External
5.	Advancing your career	Internal
6.	Ensuring financial success of company	External
7.	Increasing shareholder value	External
8.	Innovating	External
9.	Expanding globally	External

Furthermore, it was revealed that employees working for US public-traded companies felt more pressure to compromise ethical standards. Moreover, employees working for those companies in the middle and upper-middle bands of the Fortune 500 group felt greater degrees of pressure to compromise in a quest for those companies to move up the ladder into the highest tier of US businesses. The upsurge of pressure in the workplace of public-listed companies resulted mainly from public scrutiny, shareholders expectations for growth, the challenges to manage cultural diversities and operations in various geographical locations (Ethics Resource Centre, 2012). This pattern was also observed and confirmed among the higher-revenue companies of the broad base of businesses in the United States.

Outside the United States, countries such as Brazil (47%), India (40%),Turkey (37%) and United Arab Emirates (33%) were amongst the top most ones where employees felt pressure to compromise ethical standards in the last 12 months of the survey conducted in 2017 (Ethics & Compliance Initiative, 2018a).

Spain (10%), Mexico (13%) and Japan (15%) were lowest in the rank as regards pressure on employees to compromise. The rest of the countries surveyed had a median point of 22%, with countries such as Germany, the United Kingdom, South Korea and China falling in the median band. The rate of observed misconduct was slightly different to the trend in pressure, with countries such as Indonesia (48%), Russia (45%), Brazil (43%) and India (40%) coming up in the pecking order.

2.10 ORGANISATIONAL CITIZENSHIP BEHAVIOUR

The preceding sections of this chapter focused on the study of the macro and meso level variables of the conceptual research model as well as their underlying theories and relationships. The coverage of the literature review will now be extended to the micro-level variables and in particular the "*Organisational Citizenship Behaviour"*. The aim is to uncover the conceptual theories unpinning organisation citizenship behaviour and what are mediating factors affecting it.

Smith, Organ and Near (1983), Organ and Konovsky (1989) and Alizadeh et al. (2012) shed light on the concept of *organisational citizenship behaviour* with the aim of fostering a positive working environment that influences employees to surpass the minimum role requirements expected from the incumbents.

Organisational citizenship behaviour can be considered as a set of behaviours in which employees act and perform beyond their prescribed duties and engage in improving the individual's or company behaviour (Bateman & Organ, 1983). The underlying philosophy of organisational citizenship behaviour is driven by the fact that employees' delivery levels go beyond their official contractual requirements and job descriptions to go the extra mile for the organisation's welfare out of loyalty for their bosses and the company at large. This is often the result of voluntary compassion for and reciprocity towards their leaders in exchange for the fair treatment and welfare they obtain. As Konovsky and Pugh (1994) highlighted, organisational citizenship behaviour occurs in an environment characterised by *social exchange* and quality of superior-subordinate relationships. Gouldner (1960) referred to employees' feelings of obligation to pay back what they benefited from their employers.

Van Dyne and LePine (1998) used the concept of *in-role and extra-role performance* to explain the concept of employee organisational behaviour. *In-role performance* refers to the expected behaviour for regular performance whilst *extra-role performance* refers to going the extra mile (beyond one's job description and contractual employment obligations). Employees may not be rewarded or disciplined for these efforts.

Employee organisational citizenship behaviour implies self-motivated behaviours of the employees in contributing towards attaining organisational goals even if these are not prescribed as part of their job descriptions (Lavelle, 2010). Typical manifestations in such work environments are:

- People showing greater concerns for their organisation and its sustainable development;
- People voluntarily going beyond the call of their official duties for the best interests of their organisation and stakeholders involved;
- People pondering upon the welfare of their organisation as a matter of priority and driving their decisions accordingly on what is the right thing to do for the organisation and its stakeholders.

According to the *motive theory,* it was noted that motives facilitate organisational citizenship behaviours as they influence employees' thoughts and feelings about their jobs and organisations (Organ and Ryan, 1995).

Based on an empirical study in the pharmaceutical industry of China, the relationship between ethical leadership and organisational citizenship behaviour was examined through two key mechanisms (Mo & Shi, 2017):

(a) Social learning (from the *social learning theory*)
(b) Social exchange (from the *social exchange theory*)

The findings confirmed a positive relationship between ethical leadership and organisational citizenship which was sequentially mediated by perceived procedural justice and employees' organisational concerns (Mo & Shi, 2017). This was in line with previous empirical findings, where it was noted that employees working with ethical leaders were more favourably inclined to go beyond their official scope of work to help attain broader organisational goals (Kalshoven et al., 2011). This was supported by the *social learning theory* of Bandura (1977), whereby employees look up to their leaders, learn from their behavioural patterns and acts, and imitate them. In other words, ethical leaders enhance their employees' behaviours through their own ethical role modelling and personal moral traits. Empirical studies showed that the relationship between ethical leadership and organisational citizenship behaviour was largely influenced by the mediating effects of employees' perceptions of their leaders' ethical stance (Mayer et al., 2009). They are based on the *social exchange theory* to explain

how employees go the extra mile and express proactive citizenship behaviour in the organisation. Employees generally feel indebted to their leaders if they are being looked after and treated well which results in the employees reciprocating accordingly in supporting their leaders to attain the bigger organisational objectives (Mayer et al., 2009; Rioux & Penner, 2001).

The American context produced similar findings, where ethical leadership positively influenced employees' organisational citizenship behaviour through employee motivational orientation towards attaining organisational goals (Neubert & Roberts, 2013).

The positive effects of organisational citizenship behaviour resulting in organisational performance and productivity, efficiency, customer satisfaction and cost reduction are well supported by empirical findings (Podsakoff et al., 1997). This is further supplemented by a recent study conducted in Mauritius whereby it was found that organisational citizenship behaviour plays a mediating role on job satisfaction and employee performance (Ramesh & Goolaup, 2020). However, factors influencing such organisational citizenship behaviour to manifest were yet to be assessed in the local context.

In the same way, *counterproductive work behaviour* adversely impacts employees' performance and behaviour. Mayer et al. (2009) further explained the link between ethical leadership and employee misconduct arising through the mediating effects of ethical climate. In order words, an adverse ethical climate emanating from ethical leadership deficiencies causes employee behavioural deviances. This could be minimised by more prominent ethical leaders and ethical actions from the top, flowing into the establishment of a more ethical climate (Elçi et al., 2013).

2.11 ETHICS STUDY – GLOBAL PERSPECTIVE

The purpose of this section is to supplement the literature review process and empirical findings on the core ethics-related variables forming part of the macro-meso-micro framework established through the conceptual research model. It is therefore deemed important to study key global surveys which are relevant to this particular research work. Before beginning the ethics study in the multi-cultural and cross-industry context of Mauritius to understand the inherent contextual ethical practices, it will be resourceful to gather insights on global realities, identify key ethical issues and also gauge the trends since the early days of any such surveys. The aim is to understand the evolution of ethical practices across continents and countries and determine the intensity of pressure being faced to comprise ethical standards. This review will establish the state of awareness and implementation of ethical programs, and also shed light on the key challenges being faced on the global scene to curtail ethical deviances.

The Ethics and Compliance Initiative (formerly known as Ethics Resource Centre) has played an instrumental role since 1994 in the research and development of ethical standards and practices. Their journey started in the United States through the polling and reporting of national ethics with a focus on the corporate world (the National Business Ethics Survey) and gradually the scope was expanded to cover similar surveys on the global fronts (the Global Business Ethics Survey).

Since 1994, the Ethics & Compliance Initiative has been conducting a longitudinal cross-sectional study of the workplace from an employee's perspective. Over the years, above 39,000 employee responses have been studied on the US front and over 18,000 employees were surveyed across other countries (18) to gauge the global state and patterns as depicted in Figure 2.11 on page 141 of the thesis (Ethics & Compliance Initiative, 2018b). In the latest 2020 survey of Ethics & Compliance Initiative, it is noted that globally more employees reported pressure to compromise ethical standards as compared to the previous year (29% in 2020 compared to 20% in 2019). Retaliation rates and observed misconduct have sharply increased with 61% of the global employees reported experiencing retaliation and eight out 10 reported misconduct (Ethics & Compliance Initiative, 2020).

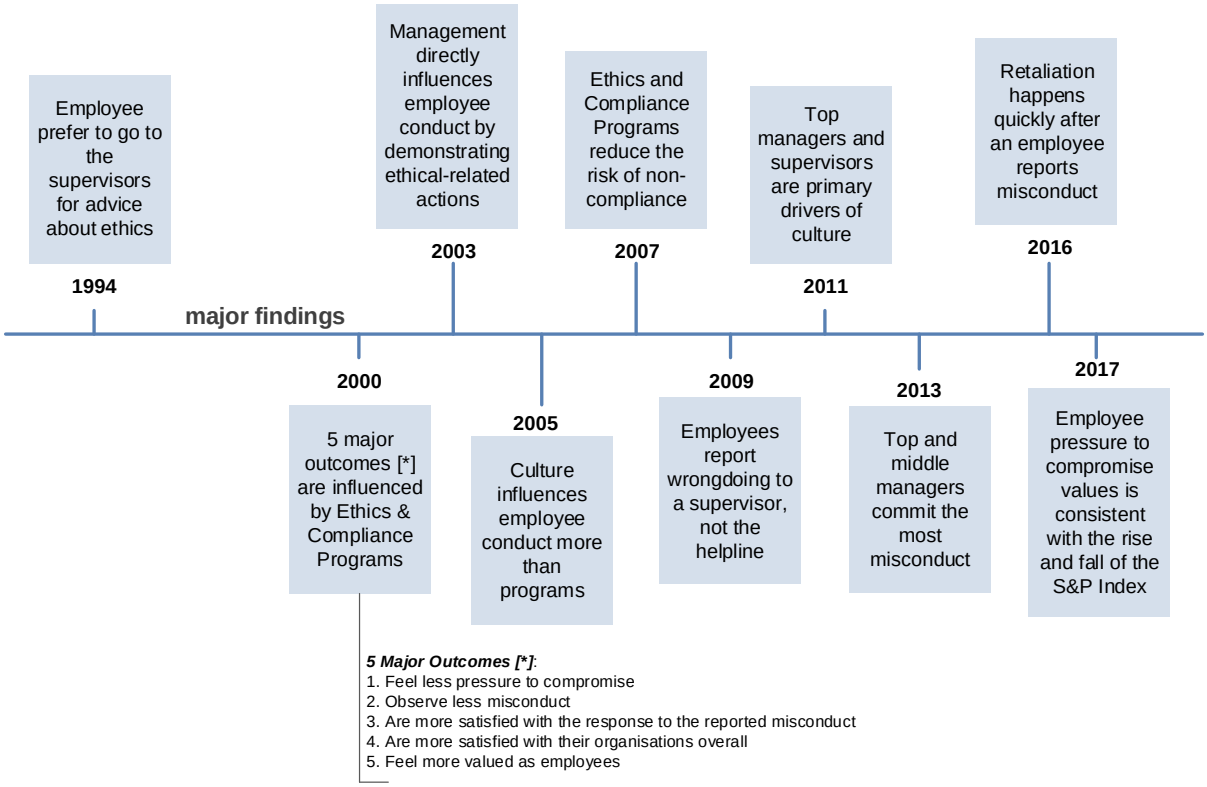


Figure 2.11. Global business ethics findings – The evolution since 1994.
Source: Adapted from Ethics & Compliance Initiative (2018)
Note: At the time of the undertaking this thesis, the latest report available (2018) was used as basis for study and evaluation.

2.11.1 Key Survey Findings

The Ethics and Compliance Initiative measured the effects of initiatives through what is known as the *Favourable Ethics Outcomes ("FEO").* According to the findings of the Ethics and Compliance Initiative (2018), FEO has considerably increased:

- By 11x, when employees are encouraged to make decisions on the basis of organisational values and standards;
- By 12x, when employees realise that they will be held accountable by their supervisors / managers for any wrong-doing from their parts;
- By 10x, when employees see, hear and feel that a High Quality Program (HQP) for Ethics and Compliance (comprising of *strategy, risk management, culture of integrity, openness to speak up/report and accountability*) is present;
- By 14x, when employees feel they can speak up freely, even when the news is bad.

It was also noted that organisations or countries with strong cultures have favourable ethics outcomes, with the leaders and managers being instrumental to the development and nurturing of the ethics and compliance culture through HQPs. For instance, 85% of all employees surveyed in 2017 observed favourable outcomes with a strong organisational culture, compared to 15% with a weak leaning organisational culture.

In the 2017 survey of employees' conduct in US workplaces, there were three major revelations as classified below:

(a) **The good news** – The rates of observed misconduct are on the decline from 51% in 2013 to 47% in 2017 (historically low). Furthermore, the rate of employees reporting misconduct was at the highest point in 2017 (grew from 56% in 2000 to 69% in 2017).

(b) **The bad news** – There is a growing number of employees who feel under increased pressure to compromise ethical standards and "cut corners". This was reflected by an increase of 23% in 2017 compared to 2013. On top of this, there has been a significant upsurge of retaliation (doubled over the past two surveys from 22% in 2013 to 44% in 2017) from the supervisors of those employees who are reporting ethical incidents and deviations. Moreover, out of those who observed misconduct, 67% of the wrong doings were repetitive and on an ongoing basis. A total of 63% of the employees observed that incidents of misconduct were committed by a member of management or first line supervisor. The leading types of reported misconduct in 2017 were as follows:

- Misuse of confidential information: 79%
- Giving/accepting bribes or kickbacks: 76%
- Stealing: 74%
- Failed specifications: 73%
- Sexual harassment:70%

(c) **The worst news** – There has not been enough progress made on the implementation of a strategy to curtail down ethical deviances across the country. Furthermore, it was noted that despite the fact that misconduct drops significantly in organisations with strong culture, there was no change in the number of organisations with such a culture.

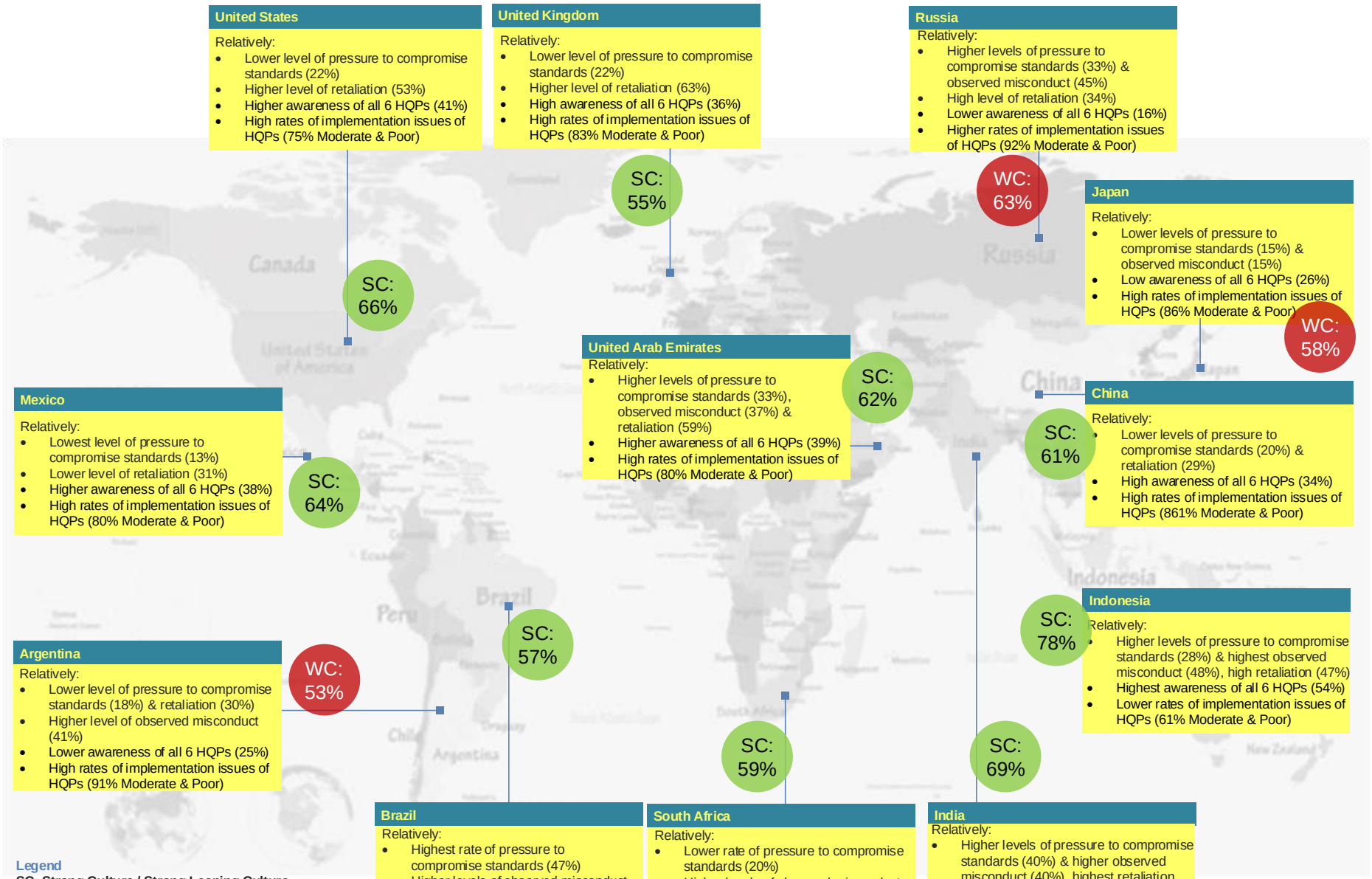


Figure 2.12. Global findings and benchmark.
Source: Compiled and adapted from Ethics & Compliance Initiative (2018)

Table 2.2

Global Ethics and Ratings by Country – 2018
Source: Compiled from Ethics & Compliance Initiative (2018)

					Culture Assessment				Program Awareness & Implementation					
					Supervisor Commitment		Management Commitment		Program Awareness			Program Implementation		
No	Country	Pressure to Comprise Standards	Observed Misconduct	Experienced Retaliation	Strong/Strong Leaning Culture	Weak/Weak Leaning Culture	Strong/Strong Leaning Culture	Weak/Weak Leaning Culture	All 6 Elements	Some Elements	No Element / Did not know	Well Implemented	Moderately Implemented	Poorly Implemented
1	United States	22%	30%	53%	67%	33%	64%	36%	41%	47%	12%	24%	36%	39%
2	Mexico	13%	33%	31%	65%	35%	63%	37%	38%	55%	6%	21%	40%	40%
3	Brazil	47%	43%	37%	56%	44%	57%	43%	35%	56%	9%	21%	33%	46%
4	Argentina	18%	41%	30%	49%	51%	45%	55%	25%	64%	12%	9%	34%	57%
5	South Africa	20%	38%	36%	59%	41%	58%	42%	40%	53%	6%	11%	22%	68%
6	Spain	10%	21%	43%	47%	53%	38%	62%	30%	53%	17%	11%	29%	60%
7	France	30%	33%	33%	33%	67%	32%	68%	18%	50%	33%	6%	16%	78%
8	United Kingdom	22%	29%	63%	57%	43%	53%	47%	36%	51%	13%	17%	33%	50%
9	Germany	22%	26%	50%	43%	57%	37%	63%	12%	55%	33%	7%	18%	76%
10	Italy	24%	34%	35%	37%	64%	37%	63%	26%	59%	15%	11%	31%	58%
11	Turkey	38%	30%	56%	55%	45%	57%	43%	23%	64%	13%	15%	32%	53%
12	Russia	33%	45%	34%	38%	62%	37%	63%	16%	61%	23%	8%	24%	68%
13	United Arab Emirates	33%	37%	59%	62%	38%	62%	38%	39%	54%	7%	20%	46%	34%
14	India	40%	40%	74%	68%	32%	70%	30%	42%	54%	4%	28%	45%	27%
15	China	20%	34%	29%	58%	43%	63%	37%	34%	55%	10%	19%	33%	48%
16	South Korea	22%	28%	36%	27%	73%	26%	74%	24%	50%	25%	11%	22%	68%
17	Japan	15%	15%	34%	43%	57%	42%	58%	26%	40%	33%	14%	21%	65%
18	Indonesia	28%	48%	47%	76%	24%	79%	22%	54%	44%	3%	38%	39%	22%

A	Highest	47%	48%	74%
B	Median	22%	33%	36%
C	Lowest	10%	15%	29%

								Overall	32%	54%	12%	16%	33%	51%

Colour Legend:

Top 6, above Median

Lowest most, below Median

The latest survey conducted by the Ethics and Compliance Initiative was based on data collected from 18,000 participants between 2016 and 2017 across eighteen countries (Ethics & Compliance Initiative, 2018a). The key findings as depicted in the Table 2.2 on page 144 of the thesis are as follows:

(a) **Pressure to compromise standards** - In most of the countries surveyed, pressure to compromise standards was felt by 1 in every 5 employees working for corporates over the last 12 months. Brazil had the highest percentage of employees who felt pressure to compromise (47%) whilst Spain had the lowest (10%).

(b) **Observed misconduct** – It was noted that as pressure to compromise rises, so does the rate of observed misconduct. Indonesia recorded the highest rate of employees observing misconduct (48%) with Japan having the lowest rate (15%). It was also noted that a significant segment of employees (63%+) who observed misconduct did not report due to fear that:

- The report would not stay confidential (74%)
- No corrective action would be taken (69%)
- They could not report the issues anonymously (64%)
- They would be coined as a snitch (63%)

(c) **Retaliation** - Another major barrier to escalation/reporting was retaliation. Employees in a majority of the countries personally experienced retaliation in the past 12 months to a considerable extent (36% on average); India being the topmost country experiencing such an issue (74%) and China being the least experienced by employees (29%).

(d) **Culture Measurement** – The culture levels were also measured based on the assessment of supervisor and management commitment to uphold ethical standards. Strong leaning cultures are those where employees feel that their leaders, managers or supervisors are ethical and demonstrate ethical leadership traits. Weak leaning ones are simply where the degree of commitment towards ethical standards are lower amongst the supervisors or leaders. It was noted that when top management promotes workplace integrity, employees feel more motivated to report misconduct. South Korea (74%), France (68%) and Russia (63%) were the countries with the weakest culture

rates based on the employees' responses in these countries. Indonesia (79%), India (70%) and the United States (64%) were found to be strong leaning cultures by employees.

(e) **Awareness and Implementation of Program** – The survey used, as a reference to benchmark countries, 6 standard program elements comprising:

- Written standards of workplace integrity
- Training on standards of workplace integrity
- Ability to seek feedback/advice related to workplace integrity
- Confidential or anonymous reporting mechanisms
- Workplace integrity as part of the performance appraisal process
- Formal process to discipline violations of the code of conduct

The levels of program awareness and program implementation were assessed. The level of awareness of all six programs were somewhat low across many countries (e.g. Germany: 12%, Russia: 16%, France: 18%). It was further noted that well implemented programs are rare (only 16%) with 84% of programs implemented moderately and poorly (Ethics & Compliance Initiative, 2018a).

2.12 ETHICS STUDY - MAURITIUS PERSPECTIVE

2.12.1 Introduction

Research studies on business ethics have been prominent in several developed countries and continents (around 55.9% published articles in journals come from North America, 25.3% from Europe and 8% from Asia-Pacific regions for the period 1999-2008). However, coverage in the African and South American regions made up a small percentage for the said period (Chan et al., 2010). South Africa has spearheaded most of the research in the business ethics sphere in the African continent. Ethics research studies, as undertaken globally, are yet to be conducted in the current context of Mauritius.

Having scanned through the global ethical practices and realities in the preceding section, it is now appropriate to focus on the local context and study the ethical practices, standards, challenges and realities in the multi-cultural and cross-industry context of Mauritius. This will go a long way to contributing to the body of knowledge whilst bringing Mauritius onto the global map of ethical research studies.

2.12.2 Mauritius – Its Culture and Economic Background

Mauritius is considered as one of the model economies in the African region characterised by a strong economic development profile and ranked 1st in Africa in a number of economic and governance indicators (Economic Development Board Mauritius, 2021). It now stands under the global spotlight as a case study to learn from its economic development.

Research has advanced into business ethics around the world. However, empirical studies in Mauritius (country located in the Indian Ocean in the so-called “golden triangle” connecting Africa, Asia and Australia) has nevertheless been restricted. The specificities of Mauritius make it a complex but yet interesting context for study as characterised by:

(f) **Its plurality of cultures and colonial background** – Asgarally (2007) named Mauritius *“An Island of Cultures”* with its culture sourcing from Europe, Africa

and Asia and characterised by a plurality of languages, religions, myths and festivals .

Mauritius was under European colonisation for some two and a half centuries before gaining its independence from British rule on 12 March 1968. Since then Mauritius operated as a sovereign state.

The enculturation process started before the 16th century with visits of Arab navigators who discovered the island and named it "*Dina Arobi*". Given the strategic location of the island for sailors and traders, it subsequently witnessed waves of visitors from various parts of the world. Post the Arabs, the Portuguese came in and used the island, which they called *"Isola de Cirne",* as a port of call for their journeys towards the Eastern part of the world. During their visits they introduced pigs and monkeys onto the island and maintained it as a natural reserve for fresh meat, given the then presence of giant tortoises and Dodo (a unique bird, now extinct). At the end of the 16th century, the Dutch settled in when they introduced sugarcane and deer from Java on the island which they called as *"Mauritzius"*. During the short span of Dutch colonisation, however, the resources on the island were exploited culminating in the disappearance of indigenous trees, ebony and the Dodo (Asgarally, 2007).

In 1715, the French took possession of the island, then known as *"Isle de France"* which saw the first wave of French people called *"colons"* settling in the island with slaves they brought from Africa. There was a growing number of settlers, originating from maritime provinces of France, following the arrival of the French Governor, Mahé de La Bourdonnais. He provided incentives to retiring officers such as land and loans to purchase slaves, so as to settle them on the island. Slaves were procured from countries such as Mozambique, Madagascar, Senegal and Guinea (Eastern and Western coasts of Africa where presumably the navigators harboured).

The British, who held a firm presence in in the Indian Ocean , mounted a plan to take over the surrounding islands of Isle de France before capturing the latter, defeating the French troops in 1810. The Treaty of Paris was signed in 1814 and enabled the sharing of the possession of the islands in the Indian

Ocean between the French and British, with the latter taking over Isle de France and its dependencies. The island was then named Mauritius and the British started the cultivation of sugarcane and progressive agricultural development. With insufficient labour arising because of the abolition of slavery in 1835, where freed slaves shifted from plantations to small trades, fishing and crafts, there was a growing need to import labour to support the development of the island. The British then imported indentured labourers (known as *"coolies"*) from India on a contractual basis recruited from places such as Calcutta, Madras (now Chenai) and Bombay (now Mumbai). This process gradually formed a large Indian population who settled down permanently on the island for various reasons. Subsequently, this also saw the settling in of Indian and Chinese traders with their clerks from places such as Gujerat in India and Canton in China.

From an inhabitancy of 50,000 people in 1789 (some 5,000 European settlers and around 42,000 slaves), the total population of Mauritius grew with the arrival of immigrants from India and China reaching around 826,000 (c. 52% Hindus, 17% Muslims, 3% Chinese and 28% classified as general population) in the early 1970s (Asgarally, 2007). The population today stands at around 1.27 million people with diverse religious groups consisting of 48.54% following Hinduism, 26.26% of Roman Catholicism, 17.30% of Islam, 6.45% of other Christians, 0.43% of Buddhism and 1.03% of others and not stated (Wikipedia, 2018). Mauritians speak 12 (English, French, Creole, Bhojpuri, Hindi, Marathi, Urdu, Arabic, Tamil, Telegu, Chinese and Gujerati; the former three being the most common amongst the Mauritians).

The journey of Mauritius since the 16th century saw the development of a multi-cultural, multi-ethnic and multi-lingual population. This is characterised by large socio-economic and cultural diversities including religious and cultural festivals, cuisines, architectures, myths and legends, literature, arts, entertainments, dressings and crafts. The fascinating aspect is that they all came with their own ways of life, but gradually found themselves knitted as one collective force whilst respecting each one's rights, faith, values and diversities.

(g) **Its economic, social, political and governance specificities** – Ng (2015) coined the French phrase *"L'économie de la diversité*" (meaning *"the diversification of the economy"*) to characterise the Mauritian economy. Since the independence of the country, Mauritius developed itself from a low-income agriculturally based economy to a middle-income diversified economy with activities spanning across industries such as manufacturing, tourism, financial services and technology sectors. The country experienced an average Gross Domestic Product (GDP) growth rate of 3.9% between 2001 and 2018 (GDP at USD 13.34bn in 2017) with increasing GDP per capita (USD 10,186 in 2017) (The World Bank Group, 2018; Trading Economics, 2018). Mauritius is also characterised by a relatively low unemployment rate of 7.2% and low inflation rate of 3.67% in 2017 (Statistica, 2018).

In a short span of time, post-independence, Mauritius developed itself to become No.1 in Africa in (Economic Development Board Mauritius, 2021):

- *World Bank Doing Business 2020*
- *Global Competitive Index 2019*
- *Mo Ibrahim Index of African Governance 2020*
- *2018 Index of Economic Freedom*
- *Social Progress Index 2019*
- *Forbes Survey of Best Countries for Business 2019*
- *Economic Freedom of the World 2020*
- *Democracy Index 2019*
- *Global Innovation Index 2020*
- *International Property Rights Index 2019*
- *Productive Capacity Index 2021*
- *Mercer's 2019 Quality of Life Survey*
- *Travel & Tourism Competitiveness Index 2019*

The configuration of Mauritius' politics has traditionally revolved around four main political parties (Labour, MSM, MMM and PMSD) which often run in coalition. The country was governed for a longer period by the labour and

socialist parties as being the prime leading parties of any coalition. Smaller or newly emerging parties often come up with constructive worthy ideas and programmes. However, they have had difficulty challenging the bigger parties mainly due to lack of financial support and the dominating political affinities of the larger parties' candidates with social cultural groups. All this has traditionally resulted in the formation of political coalitions whereby the relatively smaller parties have joined forces with the main parties to challenge those in power or stay in government.

From a governance perspective, Mauritius operates within a framework of parliamentary democracy with separation of powers between the Legislative, Executive and the Judiciary as spelt out in its Constitution. Based on a Westminster system of government, it features the head of the state (the President), head of the Government (the Prime Minister, democratically elected), a parliamentary opposition (the Leader of the Opposition), the Parliament with democratic televised debates and recorded in Hansards, the legislature and Courts.

Over and above the multi-cultural and multi-ethnic specificities in the current context of Mauritius, there is also a strong need to understand the underlying dynamics and roles of key economic players in the development of the country. Whilst the power to elect the country's policy makers has shifted into the hands of the majority of the population, the economic powers have nevertheless stayed with the ones who held the same before independence. According to Salverda (2015), the event of Mauritius gaining its independence also marked the end of the white Franco-Mauritians colonial elite regime,. This elite segment represents a minority group of people of below 1% today. They often play a low profile but have well-devised strategies regarding investment in the local economy. This, coupled with the timing of such investments, collaborating with political powers, and initiating projects has consolidated their economic positions. In the post-colonial era of Mauritius, they regularly felt themselves in danger of losing economic power and market dominance which were their main strengths primarily with the plethora of land banks and sugar industries which they owned. Salverda (2015) was of the view that there were collaborative

strategies between the Franco-Mauritians and the country's political powers to secure their interests and address their anxieties of the post-colonial era. To understand the subtle politico-economic thread in the current context, it is worth drawing from Bachrach and Baratz's (1962) study which identified an important issue regarding the power dynamics, coined as the *"two faces of power".* They highlighted that, under the colonial regime, the strategy was to ensure there was control over the political agenda which kept critical issues outside the political process. Their studies highlighted problems of power in the contemporary society and drew a parallel between the *pluralist* and *elitist* models to explain these dynamics. *Pluralist* is a condition or system where two or more groups or sources of authority co-exist, whereas *elitist is a* condition or system tied to an elite. Backrach and Baratz (1962) particularly suggested the need to investigate the issue coined as "mobilisation of bias" in the institution to establish the rules of the game and determine how the biasness benefits and handicaps any particular group. They also called for study of the non-decision making, or status quo oriented persons' or groups' influence on the community and political system. Lukes (2005) also attempted to understand the extent to which American politics is dominated by a ruling elite or pluralist democracy. He posited that *"each view of power rests on different conceptions of interests";* this is very relevant in the context of Mauritius which is characterised by a diversity in interests of the key economic players, socio-cultural groups, political leaders and the general population. He also highlighted through his three conceptual views that there are varying degrees of differences in decision-making and control over political agendas and observable (overt, covert and latent) conflicts between interests. This makes it harder to be recognised in the overall power dynamics amongst political actors, economic players and other social forces.

Today, the Franco-Mauritians remain the most important players and have prolonged their elite position in the economics of Mauritius with a host of diverse businesses under their common family-related control. These include sugar factories, power plants, textiles mills, banks, financial institutions, hotels, property and smart cities' development. They control five of the largest 10 companies of Mauritius (Business Publications Ltd, 2017). According to

Salverda (2015), the Franco-Mauritians have prevented significant erosion in their position through the exercise of different forms of power whilst playing a noteworthy role in the successful economic journey of the country; a success that can be seen as intrinsically linked with that of these large economic players.

Another specificity in Mauritius resides within the socio-political relationship. Over time, it was noted that certain socio-cultural-ethnic groups have supported specific political parties due to their past support they have received for the welfare of their families and/or members of those socio-ethnic groups. Major economic players do not like politics, though it could be seen otherwise, as it often brings uncertainties due to political agenda and lack of competencies (Ng, 2005). One is reminded of Lord Acton's powerful statement: *"power corrupts, absolute power corrupts absolutely"* implying that as a person gains more power, their sense of morality reduces considerably (Houghton Mifflin Harcourt Publishing Company, 2005). This should be considered in the overall interpretation and understanding of actions of political leaders specially when confronted with ethical dilemmas.

(h) **Its industry diversification**

At the time of independence in the late 1960s, the Mauritian economy was pretty weak, with heavy dependence on monocrop (sugar) and high rates of unemployment. Ever since the British colonisation period and more so post the independence days, the Commonwealth Sugar Agreement has been of great help to Mauritius and the growth of its sugar industry, as it could export its sugar to the United Kingdom. The Commonwealth Sugar Agreement played an enabling role in the colonial development policy of Britain with an overarching objective to provide long term assurance to the future of the sugar industry in the Commonwealth (Abbott, 1989). Sugar was initially traded under the Commonwealth Sugar Agreement since 1951 and subsequently under the Sugar Protocol since 1975 (Lichts, 2004). However, the heavy dependence on monocrop and the likely risk of sugar cane fields being severely impacted by cyclonic conditions over the island required policy makers to explore alternative economic pillars to create economic resilience. Pressure also started mounting

from big sugar producers such as Australia, Brazil and Thailand, challenging the legality of such agreement / protocols under the World Trade Organisation rules (Government of Mauritius, 2004). The call for diversification was already set for countries dependent on such agreements. In 1970, government took appropriate measures to start its economic diversification process by the enactment of the Export Processing Zone Act. A host of incentives and concessions were provided to business enterprises that were export-orientated. These facilities led to the emergence of a multitude of factories engaging in textiles, manufacturing and exports, paving the path way to economic success (Rogerson, 2008). This was further boosted by the Multi-Fibre Agreement which gave formal quotas and access to a guaranteed share of the rich markets (Ernst et al., 2005). Moreover, the Multi-Fibre Agreement constrained several countries to export, thereby encouraging overseas investors to capitalise on the Mauritius platform which is characterised by cheap and literate labour, and government incentives and benefits under the Multi-Fibre Agreement. All these culminated in a host of overseas investors setting up their production units for garments in Mauritius for mutual economic benefit. This episode is constituted as the second era of economic development of Mauritius.

With continuous pressures mounting to end non-preferential trades and treaties on the global front (in respect to compliance with the World Trade Organisation's rules), Mauritius' privileges surrounding the sugar protocol were increasingly challenged. On the other hand, post the industrial boom with the Export Processing Zone, the cost of production gradually started to mount with the increased cost of living of factory workers. This rise in costs of production was coupled with other competing countries gearing up to provide more advantageous production platforms with cheaper labour. The manufacturing industry in Mauritius (more specifically, textiles) thus started to be confronted with other economic challenges with the risk of investors shifting their production plants to other competing countries. This issue was further compounded by the increasing literacy level of Mauritians who preferred office and white collar jobs rather than a career in the manufacturing plants. Mauritius then had to promptly embrace its 3rd wave of development and diversified with an emerging hospitality sector. Mauritius is still largely in its natural state and is

surrounded by exquisite sand and sea, there were promising opportunities to develop and promote itself as a tourist destination in the Indian Ocean. This saw some large chains of hotels being established around the coastal regions targeting initially the European market and gradually shifted to the South African and Asian markets.

Today Mauritius has transformed itself into a middle-income country with a breadth of diverse growing services characterised by strong contributions from the financial services, technology and hospitality sectors over and above the traditional sectors. With an ambition to turn Mauritius into a high-income country and embrace its Vision 2030, one is bound to see further progress in economic diversification strategies. Potential opportunities exist for the development of the ocean economy, renewal energy, the digital economy with FinTech amongst the emerging ones (Economic Development Board Mauritius, 2018b, 2018a; Foreign Affairs, 2017).

Table 2.3 on page 156 of the thesis provides a breakdown of the 2016 position by industry focusing on private establishments classified as “large” by Statistics Mauritius.

Given very limited empirical studies in the ethical leadership spheres in Mauritius, the aim is to study these “large” establishments especially within a multi-cultural and cross-industry environment of the country stemming from a colonial background. Statistics Mauritius (2017b) reported its sixth census on economic activities from 2013 to 2015, with 2013 being the reference year. Such a census is conducted every 5 years with the next one due in 2018. The 2013 census covered 127,000 establishments (referred to as ‘Production Units’) of which 2,200 (2%) were classified as “large” establishments engaging at least 10 persons across various industries. These were considered as the largest contributors to economic development of the country; the remaining being small and itinerant, engaging less than 10 persons. Furthermore, the “small” establishments are relatively unstructured and in the majority of cases are sole traders or smaller units of activities thereby making the “large” establishments a better population for the research of the kind which was envisaged for the present study.

The 2013 census did not provide a complete view as it did not cover “large” establishments in certain specific industries such as agriculture, forestry, fishing and others. In 2016, another survey conducted by the responsible government body provided a broader and updated view of the population of ‘large’ establishments to having reached 2,534 as shown below in Table 2.3 (Statistics Mauritius, 2017a):

The data set provided in Table 2.3 below does not include establishments and employees of institutions forming part of the Government, Local Authorities and Rodrigues Regional Assembly (an out-island district of Mauritius).

Table 2.3

Gross Value Added Contribution by Industry – Large Establishments

(at current basic prices)

				Private Sector	
No.	**Industry Group**	**Year 2016**	**Average Contribution %** (Year 2014-2016)	**No.of Production Units** (Year 2016)	**Employment in Large Establishment** (Year 2016)
1	Agriculture, forestry and fishing	3.6	3.6	110	9,273
2	Mining and quarrying	0.2	0.2	23	1,043
3	Manufacturing	14.0	14.7	585	70,962
4	Electricity, gas, steam and air conditioning supply	2.2	1.9	7	2,331
5	Water supply, sewerage, waste management and remediation activities	0.4	0.4	10	1,903
6	Construction	4.2	4.5	111	13,897
7	Wholesale & retail trade; repair of motor vehicles and motorcycles	11.9	11.9	457	27,354
8	Transportation and storage	6.3	6.2	90	15,415
9	Accommodation and food service activities	6.9	6.5	196	27,338
10	Information and communication	4.2	4.3	92	10,189
11	Financial and insurance activities	12.1	12.0	145	12,711
12	Real estate activities	5.9	6.0	33	1,063
13	Professional, scientific and technical activities	4.6	4.6	178	8,914
14	Administrative and support service activities	2.9	2.9	118	18,265
15	Public administration and defence; compulsory social security	6.4	6.3	40	4,007
16	Education	4.9	4.9	176	15,882
17	Human health and social work activities	4.3	4.2	58	4,851
18	Arts, entertainment and recreation	3.4	3.4	74	3,852
19	Other service activities	1.5	1.6	31	1,466
	TOTAL	**100.0**	**100.0**	**2,534**	**250,716**

Note. Exclude Government, Local Authorities and Rodrigues Regional Assembly
Year 2016 statistics were considered as Year 2017 figures were still provisional

2.12.3 Mauritius – Its Legal and Corporate Governance Foundation

Stepping out of the colonial era and evolving independently post 1968, Mauritius had to put in place an appropriate corporate governance foundation that could support its socio-economic development and which would gradually position itself as a reliable jurisdiction in the regional and global space.

Established in 1966, the Bank of Mauritius was amongst the first controlling institutions having the role and duty to regulate the banking services whilst also being responsible to formulate and execute the monetary policy of the country (Bank of Mauritius, 2018). The governing Bank played an instrumental role in putting the right platform and controls for commercial banks to operate properly post-independence. At the same time, there was the necessity to put the appropriate legislation to enable companies to be formed and run. The first version of the Companies Act was thus introduced in 1984 followed by the setting up of the Stock Exchange of Mauritius in 1989 to enable companies to be listed and traded through an appropriate exchange (Stock Exchange of Mauritius, 2018).

However, in the beginning of the new millennium, Mauritius had to embrace a new wave of modernisation with regard to its legal and corporate governance framework to be able to keep pace with globalisation and stay tuned with international standards. This led to:

- The introduction of a new Companies Act (2001)
- The introduction of the International Accounting Standards (IAS)
- The introduction of a new Listing Rules for the Stock Exchange of Mauritius
- The setup of the Financial Services Commission (2001) as the regulatory body of the non-banking financial institutions including insurance, leasing, stock broking companies (Financial Services Commission, 2018). The Financial Services Commission was mandated to enable legislations such as the Insurance Act 2005, Securities Act 2005 and Private Pension Scheme Act 2012.
- Setting up of the Independent Commission Against Corruption (ICAC) under the Prevention of Corruption Act 2002 with the main objective to educate the public against corruption as well as investigate and combat acts of corruption in its various forms (Independent Commission Against Corruption, 2018).
- Setting up of the National Committee on Corporate Governance (NCCG) in 2003 to prepare Mauritius to embrace best practices in corporate governance.
- The introduction of the Financial Reporting Act which led to the creation of the Mauritius Institute of Directors as a platform to promote best practices at the level of the Board and governance of organisations as well as assist in the competency development of directors (Mauritius Institute of Directors, 2018).

- Setting up of the Competition Commission of Mauritius in 2009 primarily to investigate and regulate anticompetitive behaviours from economic players (Competition Competition of Mauritius, 2018).

On the back of seminal studies and reports from the Organisation for Economic Co-operation and Development (OECD) and Commonwealth reports, it was deemed appropriate to prepare a Code of Corporate Governance for Mauritius. This led the NCCG to invite Mervyn King (Chairman of the King Committee of South Africa and former Governor of the Bank of England) to guide this project (The Committee on Corporate Governance, 2004). The first revised version of this National Code of Corporate Governance ("National Code") was successfully completed and released in April 2004. It covered key aspects relating to compliance, disclosures, enforcement, roles of the board, directors, board committees, secretary and matters concerning risk management, auditing and reporting. In 2016, it was felt opportune to update the National Code for Mauritius, especially after witnessing the corporate debacles on the global front. The second version of the National Code was thus released in 2017 and was based on eight basic principles of Corporate Governance and an innovative concept of *"apply and explain"* versus the departing *"comply and explain"* methodology (National Committee on Corporate Governance, 2016). The concept of *apply and explain* is (a philosophy whereby public interest entities and others are required to apply all the principles of the Code and also explain, in their annual reports, how they have been applied. The latest National Code covers key principles of governance structures, the structure of a board and its committees, appointments, duties, remuneration and performance of directors. It further includes risks governance, internal control, reporting with integrity, audit and relations with shareholders and other stakeholders. A scorecard is used to self-assess and score the company's governance practices under each principle of the Code on a total score of 100.

The National Code provides for ethical standards of behaviour and corporate values to be implemented through a written Code of Ethics by organisations and family owned enterprises. Such a Code of Ethics should address issues relating to ethical practices in the particular circumstances of the business environment while covering aspects related to conflict of interests, fair dealings with all stakeholders, proper use of organisation's property, policies related to procurements, giving and receiving gifts, a

process for reporting unethical practices and decision making, and compliance with laws and regulations. It is expected that the Code of Ethics should make acceptable and unacceptable practices clear to the stakeholders especially the officers and employees so as to make proper ethical judgements.

During this period of transition, several large public and private corporations established their own internal Codes of Ethics to better guide their leaders and employees. The following are some of the key ones stemming from various work spheres, and which are worth mentioning for the purpose of this literature review:

- Code of Ethics for Barristers (Attorney General's Office, 1997)
- Code of Ethics and of Banking Practice for Banks (Mauritius Bankers Association, 2013)
- Code of Conduct and Ethics for the Mauritius Revenue Authority (Mauritius Revenue Authority, 2004)
- Code of Ethics for the Mauritius Institute of Education (Mauritius Institute of Education, 2011)
- Code of Ethics for Public Officers (Republic of Mauritius, 2010)
- Code of Ethics for the Financial Reporting Council (Financial Reporting Council, 2018)

These Codes are all geared towards building a culture of integrity within its organisational framework, work systems, processes and the profession at large. However, the effectiveness of the implementation of such Codes of Ethics and whether employees in the organisations know how well to make ethical judgements between what is ethical and what is not is still to be assessed from an empirical perspective.

Furthermore, an evaluation of whether such Codes of Ethics are effective in curtailing unethical behaviours and practices within organisations, and whether the underlying *apply and explain* philosophy of the National Code is serving its purpose is still to be determined from an empirical perspective.

It is expected that the National Code and the Code of Ethics will supplement each other to guide ethical norms and practices within organisations. Nevertheless, it is yet to be established from a practical and operational standpoint, what key ethics related actions ("KERAs") are that are critical for businesses to implement to elevate ethical

standards and behaviour. This is even more important in the light of the prevailing business dynamics and challenges. From the literature review, it was found that some evaluations of KERAs have been done in global studies, and it would be useful to evaluate the relevance of such KERAs in the local context as well. The development of any future ethics strategy and recommendation would also necessitate empirical inputs from the operators or actors on what type of ethics related actions are perceived to be critical, in the present context, so as to strengthen the ethical organisational climate and culture. (Such actors are coined as *Voice of the Actors* in a similar manner that one would apply the *Voice of the Customer* when it comes to listening to the ultimate client when devising a product or service).

2.12.4 Ethics Challenges in Mauritius

As has been the case globally, Mauritius has also witnessed numerous cases of ethical issues whether on the social, political and business fronts. Whilst a series of legal, regulatory and governance framework and codes of conduct exist in the country, the media has nevertheless reported several issues pertaining to influence of power, corruption, nepotism, frauds, corporate failures, pressures, lobbies and economic cartels. Thus, for Mauritius to uphold its image and standing in the global economic space and also embrace its upcoming waves of development, there is a need to study prevailing ethical issues, understand their underlying causes. It is required to put forward appropriate recommendations to policy makers at the level of government, public, private and social organisations, so as to take proactive measures in curtailing ethical violations. As Mauritius is a country with limited natural and human resources compared to bigger countries, it rests on the shoulders of each and every economic player to embrace the right mindset and uphold ethical standards for the nation to keep shining.

Despite research in various domains focusing on Mauritius, there have not been many empirical studies conducted on ethical leadership in the country over the last two decades. A few were nevertheless noted covering ethical decision making (Napal, 2005), ethics in journalism (Chan-Meetoo, 2013), ethical leadership (Ah-Kion & Bhowon, 2017; Ah-Teck & Hung, 2014) and assessment of corporate governance practices (Padachi et al., 2016).

Based on the studies conducted by Napal (2003) on ethical decision making amongst a sample of business executives, it was noted that personal ethics predominate in the making of ethical choices, regardless of the presence of a code of conduct. Furthermore, it was also found that the behaviour of management was a critical influential factor of ethical conduct. For example, Chan-Meetoo (2013) uncovered several ethical issues facing the profession of journalism in Mauritius. She highlighted the key issues facing the profession such as issues of competition on the digital front to stay ahead of the curve in news disclosures to the public. There were pressures to publish fast, with the accompanying dangers of transgressing accuracy and veracity of information, inclination towards sensationalism to boost sales of newspapers and revenues. Job insecurity and high turnovers existed due to the inherent risks of the profession, and external pressure from the government, political figures and economic players. Journalists have also faced substantial pressure to refrain from publishing delicate news on powerful politicians. In certain cases, gifts and rewards have been used to benefit from positive media coverage. A total of 50% of the surveyed participants confirmed having either witnessed or personally confronted such ethical dilemmas.

Padachi, Urdhin and Ramen (2016) conducted a study on companies listed on the Stock Exchange of Mauritius and non-listed banks to assess corporate governance practices. Their findings showed that there is a sectoral disparity in relation to the compliance levels within the financial sector (covering banks, insurance and other financial institutions). These were much more compliant to the corporate governance framework as compared to other sectors. The main reason explaining this fact resides upon the stringent compliance requirements imposed by the relevant regulators to operate in such a sector and mitigate any inherent financial or economic risks (“Bank of Mauritius” for Banks, the “Financial Services Commission” for all non-banking institutions and the “Stock Exchange of Mauritius” for all listed entities). This increased in the aftermath of the global economic turmoil arising from the large corporate and market failures in the financial services industry. Compliance to rules and regulations tends to raise public trust and interests in corporates over and above their disclosures of performance and bottom line results. According to the authors, there have been various instances characterised by an apparent “disconnect” between what appears to be and what is actually happening on the ground with regard to corporate

governance compliance. This does raise concerns about the actual purpose of implementing ethical codes and their effectiveness (Padachi et al., 2016). In other words, are organisations merely implementing such codes of conduct for the purpose of meeting certain requirements in the compliance checklist, or is it meant to be deployed and lived by one and all and maintain high ethical standards across-wide? The answer to such questions warrants the attention of business leaders and members spearheading compliance to corporate governance projects and ethical standards.

Recent research conducted by Ah-Kion and Bhowon (2017) in Mauritius surveyed 247 managers working in three higher education institutions on leadership approaches and their corresponding ethical decision making processes. It was found that transformational leadership had a negative impact on ethical judgment and intention of the subordinates in respect of ethical issues such as bribery, nepotism, political backing and favouritism. This suggested the possibility of pseudo-transformational leadership or the influences of cultural factors.

According to Napal (2005), bribery was found to be an acceptable cultural practice amongst Mauritian managers. Similarly, seeking political backing to get a favour or a job was also seen to be prevailing cultural practice in the country, even though this would be seen as a corrupt practice in other developed countries and societies. Local politicians often resort to keeping a day or two in a week to receive the inhabitants of their respective constituencies with an objective to listen to their issues and help them in some way. This may be seen as a service to them (people who may have contributed to finance their elections, voted or be expected to vote for them in the future). It could also force political leaders to indulge into implicit unethical actions in a quest to satisfy those who voted or supported them in their election campaigns. The absence of a framework guiding the financing of political parties in Mauritius has attracted significant debates amongst political commentators. This is because it is being revealed as a clear cut influential factor for favouritism, nepotism and similar sorts of unethical deviances in the country. This issue has also gained significant prevalence within the business community, as economic players tend to donate funds (officially or unofficially) to political parties for them to run their election campaigns. The result of such donations, which may also be perceived as an “unethical

investment", is an implicit expectation of a payback through favours and other types of economic benefits once their supported political candidate or party is in power. In some quarters, issues of political vendettas have also been perceived and felt, where supporters of opposition parties have witnessed antagonising consequences through covert unethical moves. This has been felt under the different political reigns when they have been in power.

As it could be deduced, politicians also have to face this ethical dilemma and implicit pressure to provide support to their supporters (socio-economic players) and voters (individuals and their family members). This is because of the fear of losing their financing aids or on- the-ground support to mobilise resources or obtain votes if they do not meet the demands of their constituencies and financial backers.

As regards corporates, it is often felt amongst the community that there is an undue pressure for economic gains, characterised by profits for the organisation, dividends to shareholders and market growth to dominate market practice. Thus, the pressure to meet the demands of the shareholders, boards or top executives is likely to entail resorting to unethical practices. According to Ah-Kion and Bhowon (2017), the patriarchal nature of the Mauritian society forces the vision, goals and targets from the top down for employees to adopt. There is little or no leeway or authority to discuss and contest this, even if the goals are unfeasible and questionable. This inability to hold such discussions or raising such issues is also due to the pressure for the employees to submit to the bosses or owners due to fear of losing their jobs.

The study by Ah-Kion and Bhowon (2017) also revealed that not only transformational but also passive and laissez-faire leaderships have negative effects on ethical judgement and intention. This is more apparent in situations of bribery, nepotism and political favouritism.

Given growing reported ethical challenges, it is even more essential for the academic and business communities to invest time and effort in studying the ethical dilemmas and challenges in the country. They must put an appropriate ethical framework in place to withstand the current and emerging challenges and building business and personal resilience to those persistent pressures.

2.13 SUMMARY OF THE CHAPTER

2.13.1 Overview

The objective of this chapter was multi fold. It was key to take a broad perspective and funnel down to key concepts and theories underpinning organisational culture, ethical climate and ethical leadership. However, it was fundamental to adopt an appropriate structure, model and strategy and to undertake the literature review in the midst of the huge theoretical sphere.

The adoption of a suitable framework *(macro-meso-micro framework)* was central to placing key macro-meso-micro variables in an appropriate context for the literature review. This led to the framing of a conceptual research model as was shown in Figure 2.1 on page 38 of the thesis. This model formed the backbone of the comprehensive literature review process both from a theoretical and empirical perspective thereby guiding the study of the key constructs of the model.

Furthermore, attention has also been given to the underlying concepts of culture, national culture, and ethical and leadership theories which contributed to the study of specific variables defined in the conceptual research model. Several relevant and valuable research outcomes and relationships have been identified and studied from a literature review standpoint.

Based on the outcome of the overall literature review, an attempt has been made to present an extended schematic representation, as shown in the Figure 2.13 on page 165 of the thesis, with the relevant theories, models, and studies supporting the macro-meso-micro level variables, and how they all fit together from a conceptual perspective.

This will serve as a stepping stone to progress towards the next wave of the research work, focussing on the empirical study of the key constructs in the multi-cultural, cross-industry context of Mauritius with a view to respond to the research questions and meet the 10 specific aims set out from an empirical perspective.

2.13.2 Schematic View of How They All Fit Together

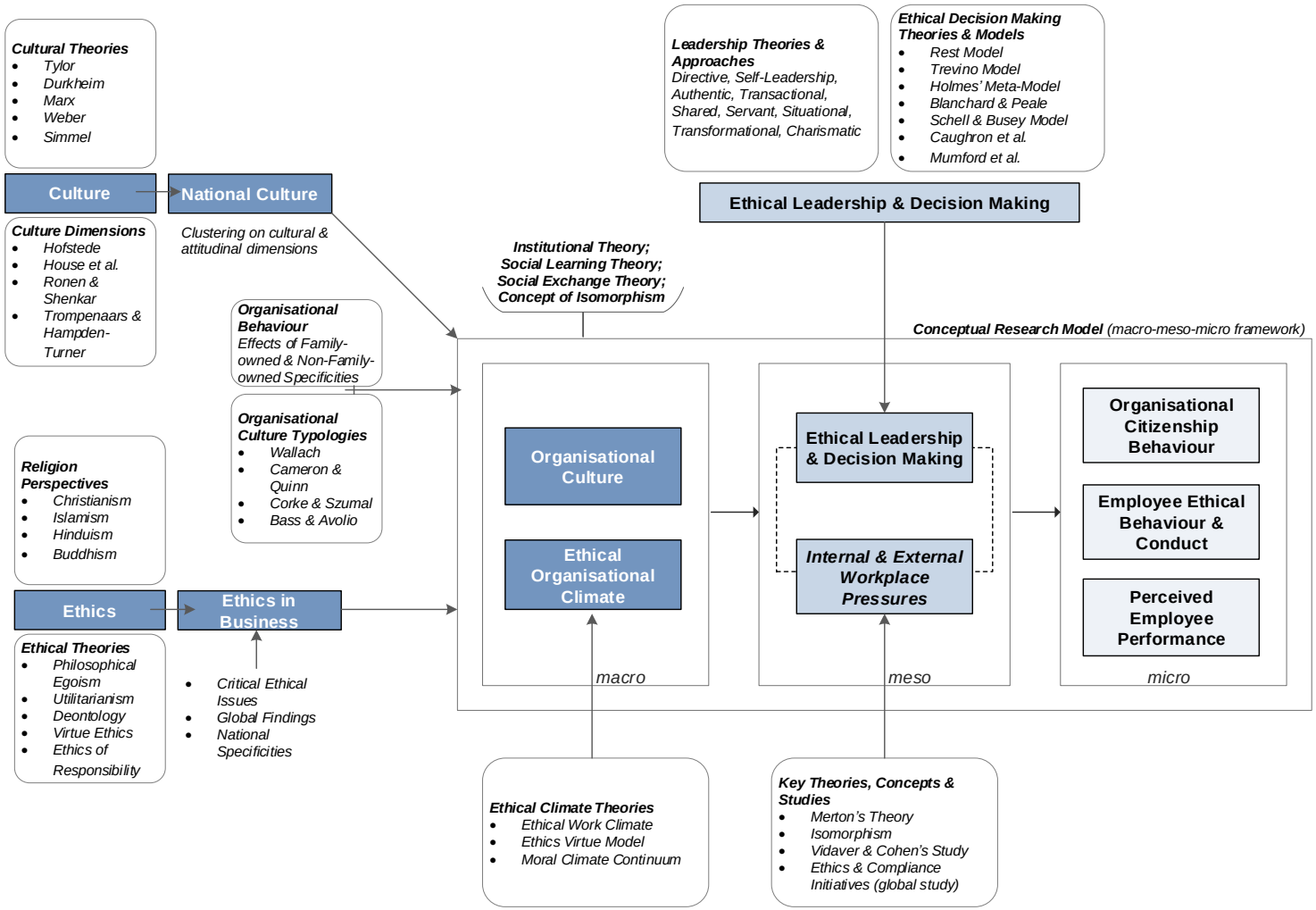


Figure 2.13. Theoretical and empirical building blocks supporting the conceptual research model

CHAPTER 3: RESEARCH DESIGN & METHODOLOGY

3.1 INTRODUCTION

The comprehensive literature review undertaken in the earlier chapter enabled the establishment of an overarching schema showing how the key concepts and theories underpinning the major constructs in the macro-meso-micro framework of the Conceptual Research Model are related. The established schematic view in Figure 2.13 on page 165 summarises, out of the body of knowledge, the theoretical and empirical building blocks supporting the Conceptual Research Model as the underlying foundation of this research work.

This now forms the basis for the present chapter with a view to design the research and establish the appropriate instruments and scales for the measurements of the constructs within the macro-meso-micro framework of the Conceptual Research Model. This chapter sets the base for the empirical study of the key constructs in the multi-cultural, cross-industry context of Mauritius, whilst ensuring that the research questions and specific aims are soundly responded to from an empirical perspective.

This chapter also focuses on the process of identifying the relevant instruments and scales that could be used to measure the set of independent, mediating and dependent variables in the Conceptual Research Model and selecting the ones that are most suited and adapted for the context of this study. This chapter will also cover the research methods, data collection processes and data analysis techniques being envisaged.

3.2 PHILOSOPHICAL FOUNDATIONS

3.2.1 Research Approaches

Every research study stems from a philosophical foundation which guides the researcher on the approach and path to embrace (Sousa, 2010). Each and every approach leads to a particular perspective from a research standpoint. Roth and Mehta (2002) advocated that one can adopt various approaches to study a particular context or subject matter, where each approach brings its own merits, perspectives and learning points.

The two areas of philosophy that are related to major research approaches are *ontology* and *epistemology*. *"Ontology is an area of philosophy that deals with the nature of being, or what exists; the area of philosophy that asks what really is and what fundamental categories of reality are."* (Neuman, 2015, p.94). In other words, it is about the way the world is thought to be, or the kind of things that exist in the world; knowing the truth. There are usually two ontological viewpoints, i.e. whether there is a single reality (a realist position) or there are different realities (a nominalist position). The realist will see the world as being "out there" for one to research and discover and assumes that the world exists independently of humans and their understandings.

As regards epistemology, *"it is an area of philosophy concerned with the creation of knowledge; focuses on how we know what we know or what are the most valid ways to reach truth."* (Neuman, 2015, p.95). It concerns how human beings can acquire knowledge about the world, i.e. through an empiricist/positivist/objectivist or interpretivist/constructivist pathway.

According to Fleetwood (2005), researchers often embrace one of the three key meta-theories namely positivism, post modernism and critical realism. Other scholars and researchers see positivism, interpretive social science, critical social science, feminism and post modernism as the main approaches to social research.

- Positivism is regarded as the oldest and most commonly applied approach to research. Over time and amongst researchers, there have been different versions of positivism. However, a set of principles and logic is common in all sciences. According to Newman (2015, p.97), positivist social science is

defined as "*an organised method for combining deductive logic with precise empirical observations of individual behaviour in order to discover and confirm a set of probabilistic causal laws that can be used to predict general patterns of human activity."* In other words, positivists view the world as a closed system within which the causal relationship and effects could be studied through a logical, empirical, probabilistic and deductive process. It is based on precise quantitative data and empirical observations that others can apply.

- Interpretive social science stems from the time of Max Weber (1864-1920). It is defined as "*the systematic analysis of socially meaningful action through the direct detailed observation of people in natural settings in order to arrive at understandings and interpretations of how people create and maintain their social worlds."* (Newman, 2015, p.104). In other words, it is a descriptive and qualitative approach using hermeneutics, ethno-methodological, subjective experience, symbolic and cognitive aspects so as to understand how the social system functions and sustains itself. It often takes a practical orientation whereby the feelings and experiences of others are key to understanding the subject under study. Interpretivism (or the constructionist's view that reality is socially created by humans, their social interactions, reasoning and behaviour) is a direct alternative to the positivism approach to social research.
- Critical social science is another approach stemming from the time of Karl Marx (1818-1883). It combines nomothetic (the study of general scientific laws) and ideographic (use of symbols to describe) approaches and criticises positivist science as being restrictive, antidemocratic and non-humanist (Adorno et al., 1976). The criticism towards the positivist approach resides in the latter not dealing with people and their abilities to feel and think and their social context. This approach favours a critical interaction with the participants so as to learn from disruptions or disturbances or social life emanating from these interactions. In other words, it aims to uncover social reality that liberates and empowers people. On the basis of its merits, the critical social science approach is seemingly more prevalent amongst political or socio-cultural groups than with academic researchers.
- Feminist research is conducted by women so as to make their voice heard and to correct male-oriented perspectives. It is often motivated by a feminist self-

identity which posits that women learn and express themselves differently from men (Belenky et al., 1986). According to its advocates, positivism is regarded as being more male orientated, given its objective, logical and task oriented facets. Feminist research is sensitive to understanding the interrelationships between gender and power and how it permeates in the social life (Neuman, 2015, p.118). This approach also integrates the personal feelings, living experiences and views of the researchers with those whom they are studying thereby gaining from an empathetic relationship and understanding.

- Post modernism sources from humanities and rejects the philosophies of modernism characterised by logical reasoning, optimism about the future, trust in technology and science, and judgement. Post modernists see the world as being socially constructed by humankind, and who are instrumental in the way it functions. Advocates of post modernism share similar goals of critical socialism in uncovering reality from the underlying social layers by demystifying the overlaying perceptions and revealing the hidden structures and realities. They also favour a descriptive, dramatic and expressive style in presenting knowledge and insights, whilst relying heavily on intuition, imagination, personal experience, subjectivity, emotion and pessimism. The advocates of post modernism also assert that research cannot effectively reflect what occurs in the social world and that studies undertaken in the past or at other places are not relevant to the present context.

The research approaches enunciated above provide the diversity that exists in the research spectrum, and one has to really assess the merits and shortcomings of each before choosing a research approach. The three key ones namely positivism, and the interpretive and critical social sciences are all regarded as major approaches to study social science. As Neuman (2015, p.122) summarises it well; they are all empirical, systematic, theoretical, self-reflective, explicit, shared, and open-ended processes despite their respective differences. This is in particular relevant to the present study as it gives a broad perspective which can guide the selection of the research approach appropriate for the context of this study.

Over and above the ontological and epistemological stances, there is a need to determine the right research methods and techniques *("methodology"*) to be adopted

for the study of the world as well as which causes influence, make and change the world (*"aetiology")* (Ackroyd & Fleetwood, 2000). This will be discussed in Section 4 of this Chapter in the context of the present study.

Ontology stands as the overarching meta-theoretical dimension that has significant bearing on the research approach and influences epistemology, methodology and aetiology (Sousa, 2010). Research studies are thus built upon these major philosophical foundations which in turn guide researchers in embracing the appropriate methodologies.

3.3 RESEARCH QUESTIONS & AIMS

3.3.1 Research Questions

On the basis of the literature review, gaps identified and research goals, the following research questions are being put forward and reinforced here so that the research design and methodologies are suitably formulated to test and respond to these questions:

- **Research Question 1**: *How are the ethical context variables (organisational culture and ethical organisational climate) conceptualised and explained by the theoretical models in the literature?*

- **Research Question 2:** *How are the mediating variables (ethical leadership and decision making, and internal and external workplace pressures) conceptualised and explained by the theoretical models in the literature?*

- **Research Question 3:** *What is the nature of the theoretical and observed interrelationships between the ethical context (organisational culture and ethical organisational climate as independent variables) and mediating variables (ethical leadership and decision making, and internal and external workplace pressures), and their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance?*

- **Research Question 4:** *Which of the key meso components (ethical leadership and decision making, and internal and external workplace pressures) and ethical related actions influence the organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance the most?*

- **Research Question 5:** *Can a scientific theoretical model be constructed or customised on the relationship between ethical context independent variables (organisational culture and ethical organisational climate) and mediating variables (ethical leadership and decision making, and internal and external workplace pressures) with a view to empowering organisations and practitioners to develop appropriate strategies and processes to promote positive employee citizenship behaviour, conduct and performance at large?*

- **Research Question 6:** *What are the key recommendations emanating from the research findings for stakeholders, in the multi-cultural and cross-industry context of Mauritius, to institutionalise through a framework or model that would provide critical ethical levers influencing positive ethical behaviour and performance for the success of organisations?*

3.3.2 Specific Research Aims from an Empirical Study Perspective

The following empirical research aims have been put forward considering the scope of the study and the multi-cultural and cross-industry environment of Mauritius:

(a) How do the ethical organisational culture, climate and standards in Mauritius compare with the global perspective?

(b) What are the key ethical climate types found, their characteristics, specificities and how they are related to the variables under study?

(c) What are the most common internal and external workplace pressures faced by organisations which could compromise ethical behaviour and standards?

(d) Which are the most influential / impactful workplace pressure factors?

(e) What is the statistical relationship between organisational culture and ethical organisational climate?

(f) What is the statistical relationship between the mediating variables of ethical leadership and decision making, and internal and external workplace pressures?

(g) What is the nature of the theoretical and observed interrelationship between the ethical context (organisational culture and ethical organisational climate as independent variables) and mediating variables (ethical leadership and decision making, and internal and external workplace pressures), and their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance?

(h) Do the employees' perceptions and behaviours in relation to organisational culture, ethical leadership and decision making, internal

and external workplace pressures, and organisational citizenship behaviour remain constant across different groups (age, industry and socio economic)?

(i) Which of the key meso components (ethical leadership and decision making, and internal and external workplaces pressures) and ethical related actions influence the organisational citizenship behaviour, employee ethical behaviour and conduct and perceived employee performance the most?

(j) Is there a good fit between the elements of the empirically manifested structural model and the theoretically hypothesised model?

3.4 RESEARCH DESIGN & METHODS

3.4.1 Research Approach

Considering the research aim, nature of this study and research questions being put forward, a positivist approach under objectivism epistemology was chosen. This decision was also motivated by the following key elements:

(a) The present research focused on the study of interrelationship as set out in the conceptual *macro-meso-micro* framework thereby studying the effects of the macro level independent variables on the micro ones, through the mediating variables. The aim was to hold a neutral and objective view to measure the social aspects of the context being studied. According to Hammersley (2013), the understanding of the phenomena, in reality, must be measured and supported by empirical evidence. The positivist approach was thus ideally suited to confirm the interrelationship and effects through instrumental orientation and empirical tests.

(b) The insights gained through a positivist approach provided a higher quality of standard of validity and reliability (Cohen et al., 2011). This, in turn, built the case for the learning points or findings to be generalised for a larger population.

(c) Positivism has gained wide acceptance in the community of researchers across the world post World War II, as the United States became the leading powerhouse. This led to the development of objectivism, with researchers adopting more rigorous approaches to measure behavioural aspects through quantitative methods (Newman, 2015). In an attempt to embrace a rigorous approach to assessing the complexity of the variables under study, their interrelationships and effects, the adoption of quantitative methods is being favoured to support the underlying study.

3.4.2 Research Method & Strategy

For the purpose of the present study and considering the underlying constructs to be measured in a complex multi-cultural cross-industry context, quantitative methods were used. The goal was to use a set of appropriate techniques to precisely collect and measure empirical data from the ground for analysis and forming evidence-based views on the study.

This adopted approach also enabled the conceptual research model to be clearly thought out and consideration given as to how its variables could be measured through a reliable process and instrument.

A survey strategy was adopted and deployed with a view to collect relevant quantitative data from a devised sample of participants from Mauritian corporates operating in several industry sectors.

At the centre of this research work was the need for an effective measuring instrument and scales. It was fundamental to undertake a process to identify and select appropriate instrument(s) as it was very unlikely that a single instrument would suffice on its own, given the scope and complex inter-relationship within the proposed model. The goal was to also provide a valid and reliable assessment of the effects of the independent variables (organisational culture and ethical organisational climate) on the dependent variables (organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance) through the meso components (ethical leadership and decision making, and workplace pressures).

For the purpose of this present study, a comprehensive and integrated questionnaire was constructed, based on underlying well-established instruments that have proven their reliabilities on the global front, to measure the variables being studied. The objective was to adapt such instruments so as to make the questionnaire valid and reliable to cover the complete scope of the study, and ensure compatibility between the instruments and the aims, model and constructs of the underlying study in the given context.

An evaluation of such instruments was undertaken (re. Figure 3.1 on page 177) and the relevant items that most suited the objective of this study were used, the process

of which is explained in the following section of this chapter. Relevant critics have also been considered accordingly as shown in Figure 3.3 on page 180 of the thesis.

3.4.3 The Process for Establishing Instruments for Measurement

Given the multi-faceted and complex nature of this research work and with a view to gain appropriate levels of validity and reliability, it was key to embrace a process of identifying, assessing, reviewing and establishing the right instruments that helped to respond to the research questions and empirical aims set out above.

3.4.3.1 Identification & Review Process of Potential Instruments/Scales

A literature review process was undertaken so as to identify relevant instruments that were used in earlier research across the globe. This was done for every construct in the Conceptual Research Model. In total, 41 instruments were identified which were relevant for consideration and assessment as depicted in Figure 3.1 on page 177 of the thesis.

There was a larger number of relevant instruments available for measurement of certain key constructs such as Organisation Culture, Ethical Organisational Climate and Ethical Leadership & Decision Making. There were, however, fewer well-established instruments to measure the other variables such as Internal & External Work pressures and Organisational Citizenship Behaviour.

The reviews of the identified instruments by scholars and researchers were also considered for the purpose of selecting the most appropriate instruments (Walker, Symon and Davies, 1996; Scott *et al.*, 2003; Bös, Bernhard, Dauber & Springnagel, 2011; Human Synergetics International, 2017; Valas & Raghunathan, 2018; Klontz *et al.*, 2011;Bowra *et al.*, 2012; Arnaud, 2006).

A schematic representation of these instruments mapped on the respective constructs, across the macro-meso-micro framework, has been provided Figure 3.1 on page 177:

Figure 3.1. Identification of instruments/scales by key constructs of the conceptual research model.

(CAMERON & QUINN, 2006); (GLASER ET AL., 1987); (SASHKIN & ROSENBACH, 2013); (G. HOFSTEDE ET AL., 1990);
(VICTOR & CULLEN, 1988B); (FORSYTH, 1980); (NEUMANN & REICHEL, 1987); (HUNT ET AL., 1989); (M. KAPTEIN, 2008A); (SINGHAPAKDI ET AL., 1996);
(J. B. AVOLIO ET AL., 2007); (KARIANNE KALSHOVEN ET AL., 2011); (THE INSTITUTE FOR ETHICAL LEADERSHIP, 2007); (CRAIG & CUSTAFSON, 1998); (BARBUTO & WHEELER, 2006);
(MAESSCHALCK, 2004; JAMES R. REST ET AL., 1999); (REIDENBACH & ROBIN, 1988); (J. WEBER & MCGIVERN, 2010); (MAY & PAULI, 2002)
(CORLEY ET AL., 2001); (ULRICH ET AL., 2007); (BAYLOR UNIVERSITY, N.D.); (LEITER & MASLACH, 2003); (INSTITUTE OF BUSINESS ETHICS, 2015); (LASAKOVA & REMISOVA, 2017)
(P. M. PODSAKOFF ET AL., 1997); (C. A. SMITH ET AL., 1983);(LAMBERT & HOGAN, 2013); (MENEZES ET AL., 2016); (SHARMA & JAIN, 2014); (FRITZSCHE & BECKER, 1983); (GAUTSCHI & JONES, 1998); (HANNAH & AVOLIO, 2010);(LYSONSKI & GAIDIS, 1991); (KIRKCALDY & FURNHAM, 1993); (MAESSCHALCK, 2004); (TESSEMA & SOETERS, 2006); (PESTONJEE & SINGH, 1978); (DELANEY & HUSELID, 1996); (PE KONSULT, 2016)
(JOHN B CULLEN ET AL., 1993; K. KALSHOVEN ET AL., 2011; KARIANNE KALSHOVEN ET AL., 2011; M. KAPTEIN, 2008A; MARTINS & VON, 2003; SASHKIN & ROSENBACH, 2013; YUKL ET AL., 2013); RESULTS_THROUGH_PEOPLE. (2012)

3.4.3.2 Selection Process for Potential Instruments/Scales

The review and assessment processes reduced the 41 identified instruments, to measure the macro-meso-micro variables of the Conceptual Research Model, to eight instruments. These were deemed to be most relevant and appropriate, considering the research aims, research questions, and nature and context of this research work and the respective merits of the chosen instruments. The chosen ones, mapped within the Conceptual Research Model against their corresponding macro-meso-micro constructs, are shown in Figure 3.2 on page 179 of the thesis:

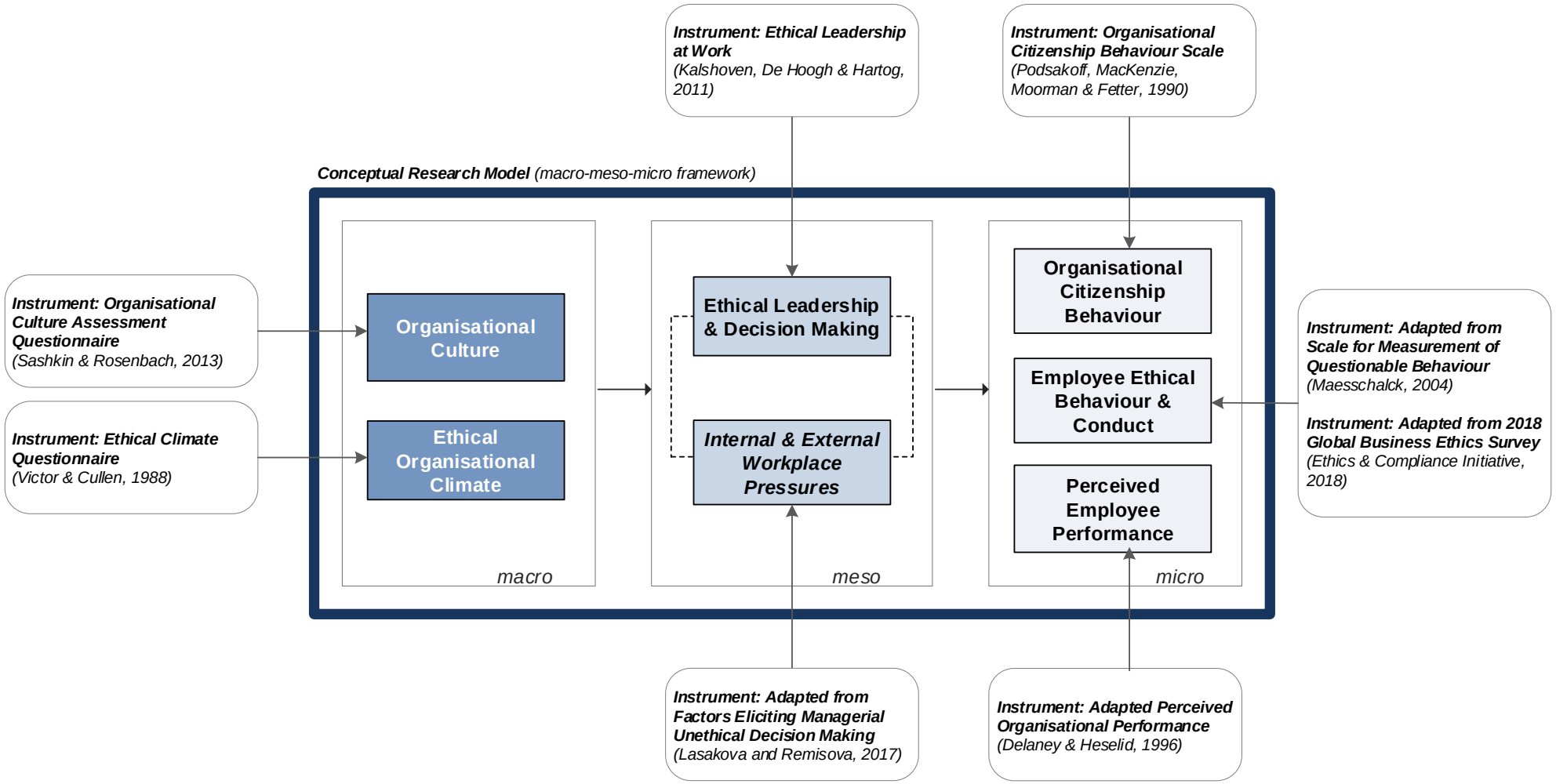


Figure 3.2. Selected instruments/scales by key constructs of the conceptual research model.

The basis for the selection of these instruments/scales is provided below:

No.	Layer	Construct	Chosen Instrument/Scale	No.of Items	Key Dimensions Measured	Rationale for Selection	Critics
1	Macro	Organisational Culture	Organisational Culture Assessment Questionnaire (Sashkin & Rosenbach, 2013)	30	(1) Managing Change; (2) Achieving Goals; (3) Coordinating Teamwork; (4) Customer Orientation; (5) Culture Strength	Organisational Culture Assessment Questionnaire (OCAQ) provides baseline information that highlights the discrepancies between the way things are and the way they should be. It has been used by scholars and institutional consultants in various types of corporations (Sashkin, Rosenbach, Mueller, 1994; Endeman (1993)); Giese (1995)'s study showed a reliability coeffecient of 0.89 with an amended version of the OCAQ.	Issues relating to the instrument's language were noted. Most instruments were developed for and geared towards business organisations and would not apply in the context of other instittions such as educational and voluntary (Uzzo, 2002)
2	Macro	Ethical Organisational Climate	Ethical Climate Questionnaire (Victor & Cullen, 1988)	36	(1) Self Interest; (2) Company Profit; (3) Efficiency; (4) Friendship; (5) Team Interest; (6) Social Responsibility; (7) Personal Morality; (8) Rules, Standards, Operating Procedures; (9) Laws, Professional Codes	According to Arnaud (2006), 73% of Ethical Work Climate published till that date used Ethical Climate Questionnaire (ECQ). ECQ appears to be most favoured method of measuring ethical climate (Lemmergaard & Lauridsen, 2008). With the later version of ECQ (1993), the tests proved that it has strong validity and reliability (Newman et al. 2017)	Critique relating to the definition underpinning ECQ was highlighted (Mayer et al., 2009; Grobler, 2015) Issues such as inconsistent factor structure was reported (Arnaud, 2006).
3	Meso	Ethical Leadership and Decision Making	Ethical Leadership at Work (Kalshoven, De Hoogh & Hartog, 2011)	38	(1) People Orientation; (2) Fairness; (3) Power Sharing; (4) Concern for Sustainability; (5) Ethical Guidance; (6) Role Clarification; (7) Integrity	Ethical Leadership at Work ("ELW") scales provide good variability and high degree of reliabilities. The seven factor structure was stable across independent field samples, with good internal consistencies and supporting construct validity, thereby making ELW a meaningful measure for ethical leadership (Kalshoven et al., 2011). The multidimensionality of ELW bring along both empirical and theoritical merits.	Concerns for sustainability have been noted. ELW has a mixture of positively and negatively words where the negative ones could load on a factor (Ibrahim, 2001).
4	Meso	Internal & External Workplace Pressure	Adapted from Factors Eliciting Managerial Unethical Decision Making (Lasakova and Remisova, 2017) A set of items was added for the measurement of the context variable	9 19	(1) Prioritisation of Economic Results; (2) Violation of Internal Ethical Guidelines; (3) Situational Tensions Measure of Workplace Pressure: (a) Source; (b) Types/Nature; (c) Underlying Motivators	The scales used by Lasakova and Remisova 92017) were based on theoritical insights emerging from numerous works on unethical decision making and behaviour prevailing in organisation. The added items broaden the perspective to measure the context variables more deeply.	Given limited number of items to fully assess the scope of the present study, additional items are being introduced to broaden the measurement of internal and external workplace pressures
5	Micro	Organisational Citizenship Behaviour	Organisational Citizenship Behaviour Scales (Podsakoff, MacKenzie, Moorman & Fetter, 1990)	24	(1) Altruism; (2) Conscientiousness; (3) Sportsmanship; (4) Courtesy; (5) Civic Virtue	High internal consistency indices of 0.81 and 0.85 were reported for Organisational Citizenship Behaviour Scales (OCBQ) (Organ et al., 2006) Commonly use scale for measurement of OCB.	
6	Micro	Employee Ethical Behaviour & Conduct	Adapted from Maesschalck (2004) Global Business Ethics Survey (EIC, 2018)	31 15	(1) Self Interest; (2) Organisational Interest; (3) Efficiency; (4) Friendship; (5) Team Interest; (6) Stakeholder Orientation (7) Personal Morality; (8) Rules & Law; (9) Public Interest	All scales' reliabiility was acceptable with most being above 0.70; Study with common constructs, useful for comparative analysis. The added items broaden the perspective to measure the context variables more deeply and enable comparison with global trends (EIC, 2018).	Specific items were added to better cover the context variables and scope
7	Micro	Perceived Employee Performance	Adapted from Perceived Organisational Performance (Delaney & Huselid, 1996) A set of items was added for measurement of context variable.	7 10	(1) Product, Service, Culture, Program (2) Customer Acquisition & Retention (3) Talent Acquisition & Retention (4) Management-Employee Relationship (5) Internal Cohesion & Relationships Influence of: (a) Organisation Culture (b) Ethical Work Climate (c) Workplace Pressure (d) Role of Leaders, Managers (e) Role of Colleagues (f) Ethics Programs (g) Market Climate & Performance	The scale of Delaney & Huselid has been widely used in many researches given its established merits (Shea et al., 2012) High cronbach alpha of 0.85 The added items broaden the perspective to measure the context variables more deeply whilst addressing any identified limitations of the chosen instrument.	Results of a first time substantial investigation of psychometric properties, through us of Rasch model analysis, indicated that the original 2-factor structure was not supported but rather a 3-factor with good psychometric properties covering internal, external and market performance (Shea et al., 2012); To bridge identified gap in respect of the scope and purpose, additional questions were introduced to support the measurement.

Figure 3.3. Respective instruments' details, rationale for selection and critics.

3.4.4 The Survey Instrument

The chosen instruments and scales were adapted to the context of this research work without losing their intrinsic reliabilities and validities they brought to the research work.

The master instrument was structured as follows:

- **Section A**: A set of generic items to obtain the respondent's basic profile and demographics
- **Section B**: A set of generic items to gather first level of pulse on Ethics & Compliance at the workplace adapted from:
  - ✓ *2018 Global Business Ethics Survey (Ethics & Compliance Initiative, 2018)*
- **Section C**: A detailed set of items to measure the respective constructs within the Conceptual Research Model originating from:
  - ✓ *Organisational Culture Assessment Questionnaire (Sashkin & Rosenbach, 2013)*
  - ✓ *Ethical Climate Questionnaire (Victor & Cullen, 1988)*
  - ✓ *Ethical Leadership at Work (Kalshoven, De Hoogh & Hartog, 2011)*
  - ✓ *Adapted from Factors Eliciting Managerial Unethical Decision Making (Lasakova & Remisova, 2017)*
  - ✓ *Organisational Citizenship Behaviour Scale (Podsakoff, MacKenzie, Moorman & Fetter, 1990)*
  - ✓ *Adapted from Scale for Measurement of Questionable Behaviour (Maesschalck, 2004)*
  - ✓ *Adapted from 2018 Global Business Ethics Survey (Ethics & Compliance Initiative, 2018)*
  - ✓ *Adapted Perceived Organisational Performance (Delaney & Heselid, 1996)*

The master instrument was laid out in such a way that the questions flowed logically from the generic to the more specific, from least sensitive to the most, and from the factual and behaviour to the cognitive..

The instrument measured the *macro-meso-micro* constructs within the Conceptual Research Model through a total of 232 items using 5-point Likert-type Scale Response Anchors for most of the constructs being measured (Vagias, 2006).

Likert scales were first introduced in 1932 in an attempt to simplify the complexity of the Thurstone scaling technique (Edmondson, 2005, p.127). Likert developed his

scale with a view to collect a finite number of attitudes in an ordinal scale format (Likert, 1932). The Likert Scale is today considered as the most universal method for survey collections given ease of coding, understanding, quantification and computation (Rinker, 2014). It provides the researchers and respondents with the opportunity to measure attitudes with a degree of flexibility and agreement rather than being forced to take a particular stand. The use of Likert-type Scale Response Anchors as presented by Vagias (2006) enabled measurements in a continuum (e.g. level of agreement and knowledge of action) whilst accommodating neutral feelings as well.

According to Nunnally and Bernstein (1994) and Munshi (2014), a 7-point Likert type scale provides a relatively better precision when compared with the 5-point equal interval scale. However, the choice was to opt for a 5-point Likert-type scale for this instrument as:

(a) The degree of differences in precision between a 5-point and a 7-point Likert scale is not by much (Sauro, 2010).
(b) The underlying constituting instruments to measure specific macro, meso and micro constructs such as ECQ for Ethical Organisational Climate, ELW for Ethical Leadership and Decision Making, Perceived Organisational Performance Scale for Perceived Employee Performance, respectively, were based on a 5-point Likert scale and its application was favoured to keep consistency. This also helped to compare results with previous research findings which had used such scales.

Some additional items were purposely added to support the measurement of certain items in the constructs such as Internal & External Workplace Pressure and Perceived Employee Performance so as to be able to better respond to the empirical aims set out for this study.

The 232-items instrument also enabled measurement of several sub-dimensions of the underlying constructs with a finer degree of precision and better understanding of the dynamics of interrelationships and effects.

3.4.4.1 Reliability

The quest of any researcher is to obtain reassurances of reliability and validity as they are the central concerns associated with any instrument. According to Neuman (2015, p.212), *"reliability means dependability or consistency"* where the same results recur when applied to a similar condition. In other words, it is about assessing whether the instrument yields the same outcomes over multiple trials. In quantitative research, one will come across three main types of reliability (Neuman, 2015):

- *Stability reliability*, whereby the assessment is to find whether the measure delivers the same result across time;
- *Representative reliability,* whereby the assessment confirms whether the same outcome is reproduced when applied to different groups of people;
- *Equivalence reliability,* whereby the researcher measures a particular construct with various specific measures to assess whether consistent results or patterns are observed.

As part of the reliability assessment process of the questionnaire, internal consistency reliability test was done using Cronbach's alpha coefficient. Though other internal reliability measuring techniques exist, Cronbach's alpha was chosen given it has proven reliability and widespread acceptance amongst researchers. The goal was to determine the degree to which the items of a particular scale were related to one another, such that the same construct could be measured consistently, given that certain scales were adapted, and items added. In the particular construct cases where well established instruments were being used, it was unlikely to witness any internal consistency reliability issues. Nevertheless, Cronbach alpha coefficients were calculated and reported accordingly.

3.4.4.2 Validity

Another critical aspect in the development of the instruments was to ensure validity. This is about assessing an instrument's ability to measure what it was designed to measure. Neuman (2015, p.215) indicates that *"measurement validity indicates how well an empirical indicator and the conceptual definition of the construct that the indicator is supposed to measure 'fit' together".* According to Borsboom and

Mellenbergh (2004), *"a test is valid for measuring an attribute if variation in the attribute causes variation in the test scores".*

Validity theory highlights numerous types of measurement validity, the key common ones being:

- *Content validity* measures the extent to which the items in the scale are accurately measuring the information that is being evaluated;
- *Construct validity* is about assessing whether the scale measure the underlying construct accurately. It is about determining "how well the multiple indicators of one particular construct converge, or how well the indicators of different constructs diverge" (Neuman, 2015, p.217). It uses statistical techniques such as correlation as well as expert reviews to verify the relevance of the questions. If the scores are highly correlated, then convergent validity is supported.
- *Criterion validity,* whereby some criteria are used to indicate a construct accurately. It is used to measure the ability of an instrument to predict future outcomes (predictive validity). It is also about comparing two instruments' ability to predict similar outcome with a single variable being measured (concurrent validity).

Prior to undertaking the full scale survey in the context of this present research work, a pilot exercise was undertaken so as to identify any room for improving the reliability of the measures. This included obtaining honest feedback on the ease of understanding the questions and on the questionnaire design. Furthermore, the pilot exercise also served to assess the content validity of the questionnaire through a group of independent experts prior to finalisation of the instrument for survey roll out. Such measures enhanced the likelihood of an effective, reliable and valid outcome upon execution of the survey exercise.

3.4.5 Population and Sample

3.4.5.1 Population

The aim was to study "large" establishments in the multi-cultural and cross-industry environment of Mauritius. The latest available 2013 census conducted by Statistics Mauritius (the official government statistics body) covered 127,000 establishments,

referred to as “production units”. Of these, 2,200 (2%) were classified as “large” establishments engaging at least 10 persons across various industries and were - considered as the largest contributors to economic development of the country (Statistics Mauritius, 2017b). The remaining were small and itinerants engaging less than 10 persons. The latter, classified as “small” establishments, are relatively unstructured and in the majority of cases are sole traders or smaller units of activities. This made the “large” establishments a better population for the research of the kind being envisaged through the present study.

The 2013 census did not provide a complete view as it did not cover “large” establishments in certain specific industries such as agricultural, forestry, fishing and others. It was therefore supplemented by another government survey lastly undertaken in 2016, which provided a complete and more appropriate view of the population of ‘large’ establishments, reaching 2,534 units, as shown below in Table 3.1 (Statistics Mauritius, 2017a):

Table 3.1

Large Establishments by Industry Group (Digest of Labour Statistics 2016)

No.	Industry group	No. of Production Units
1	Agriculture, forestry and fishing	110
2	Mining and quarrying	23
3	Manufacturing	585
4	Electricity, gas, steam and air conditioning supply	7
5	Water supply, sewerage, waste management and remediation activities	10
6	Construction	111
7	Wholesale and retail trade; repair of motor vehicles and motorcycle	457
8	Transportation and storage	90
9	Accommodation and food service activities	196
10	Information and communication	92
11	Financial and insurance activities	145
12	Real estate activities	33
13	Professional, scientific and technical activities	178
14	Administrative and support service activities	118
15	Public Administration and defence; compulsory social security	40
16	Education	176
17	Human health and social work activities	58
18	Arts, entertainment and recreation	74
19	Other Services	31
	TOTAL	**2,534**

3.4.5.2 Delimitations

Given the relative unstructured nature of the “small” establishments or producing units (e.g. sole traders, one-man companies or smaller units of activities), they did not form part of the scope of this study. Furthermore their relative very small sizes with limited or no structure and systems made them inappropriate for consideration in the scope of this study, where constructs such as organisational culture, ethical climate, ethical leadership and decision making, workplace pressure and organisational citizenship behaviour, etc. were measured.

3.4.5.3 Sampling

The role of sampling was instrumental in the process of research of the current nature whereby a generalised view had to be obtained about the population of some 2,500 cross-industry organisations. To obtain an effective and sound judgement, it was of utmost importance, for the purpose of the empirical study, to create a representative sample which closely reflected the characteristics of the larger population. Precise sampling procedures, relying on mathematical fundamentals, were required to ascertain that the outcomes from the sampling units could be generalised for the entire population (Freedman, 2005; Tabachnick & Fidell, 1996)

Researchers generally have to choose between probability and non-probability sampling methods. Whilst the former enables the researcher to make probability-based confidence estimates of diverse parameters, the same cannot be effected with a non-probability sample (Cooper & Schindler, 2014). According to Neuman (2015), probability sample is often preferred and considered as the “gold standard” for representative samples. A well devised and executed probability sample “*may cost 1/1000 the cost and time of gathering information on the entire population, yet it will yield virtually identical results*” (Neuman, 2015, p.247).

In their seminal work on research design, Campbell and Stanley (1966) were of the opinion that researchers must randomise whenever possible. For the context of this study, a probability sampling design was therefore favoured. Amongst the various complex probability sampling techniques of Systematic, Stratified, Cluster & Double sampling, the choice was Stratified and Cluster sampling. This choice largely depended on the homogeneous or heterogeneous nature of the groups being studied.

The Table 3.2 below indicates the sample size determined for the survey based on set parameters for the target population, margin of error and confidence level.

Table 3.2.

Target Population & Sampling

Target Population *Based on 'Large' Establishments across industries in Mauritius (re. Table 3.1)*	**2,534**
Sample Size *Based on Target Population, Margin of Error of 5% & Confidence Level of 99%*	**526**

3.4.6 Data Collection

Prior undertaking the survey, a pilot study was conducted to specifically test the instrument amongst a small group of respondents from the sample with a view to identify any challenges they face in providing reliable responses. On the basis of the outcomes of the pilot study, few changes were brought in simplifying certain terminologies and the flow of questions. The refined instrument was then used for the purpose of conducting the full scale survey with the participants forming part of the established sample.

The instrument was administered electronically through digital tablets using the Computer Aided Personal Interview (CAPI) tool.

To ensure the target group was reached and the execution of the surveys was conducted, the services of a professional data collection firm were procured. The services of Kantar was retained for the data collection purposes only. Kantar is a globally recognised firm operating in over 100 countries to conduct quantitative and qualitative studies across the world with a track record of having conducted over 80 million interviews globally and working with 65% of the Fortune 500 companies (Kantar Group & Affiliates, 2019; Kantar TNS, 2019). The data collection services of Kantar (Mauritius office) was hired independently by the researcher and at his own costs. A rigorous approach that meets the research methodological, ethical and legal requirements and standards was agreed for adoption to guide the data collection project. The scope of services primarily covers the following:

(a) Reaching the target participants in the respective industries through the firm's data collection processes and capabilities. It was planned that the data collection firm would use its network and carry out on-the-field contacts with the working population in various cities, villages and council areas as per established survey methodologies with a view to reach the potential participants. Upon presentation of the objective of the study, survey and terms, a preliminary qualifying process of the approached participants, and receipt of their consent to participate, the questionnaire was filled in electronically.
(b) Data collection and compilation in an electronic format;
(c) Data validation and quality control to ensure completeness and reliability of data; and
(d) Reporting of any issues faced during the process.

In the context being studied, this process was more likely to achieve a higher response rate, greater degree of independence in the way the survey was conducted as well as a benefit from a shorter cycle time for data collection given the breadth of the data collection capabilities, channels and strategies of the firm. Any issues and challenges faced during this process were also flagged so as to ascertain the extent to which the data collection process and responses can be relied upon.

3.4.7 Quality Control

A diligent quality control mechanism was implemented by Kantar to ensure reliability of the survey process and the collected data by the interviewers. It was planned that, post receipt of the survey responses, a separate independent team of quality controllers would call checks to the participants with the following questions for cross-validation:

- Name of the respondent *(identity will be kept confidentially at the level of Kantar as per its survey control system)*
- Whether the respondent participated in the survey and provided their consent
- Place where survey was conducted
- Duration of the survey
- Occupation of the respondent

- Sector of activity
- Number of employees in the organisation where the respondent work
- Age group

The responses from the call checks were compared with the responses collected by the interviewers through CAPI so as to determine the accuracy and reliability of the collected data. According to the quality control mechanism put in place, for the data to be qualified as reliable for analysis purposes, 70% of the total questionnaires done per interviewer should pass the quality control checks. As per the quality control standards set out, all the questionnaires of an interviewer were rejected when not passing 70% of the quality control checks.

3.4.8 Statistical Analysis

The following statistical methods were used for data analysis of the surveyed data with a view to assess the dynamics of interrelationships and effects within the Conceptual Research Model and respond to the research questions and empirical aims set out for this study. These were supplemented by relevant methods for further analysis as was required once the data was prepared.

3.4.8.1 Descriptive Statistics

The main objective of this method was to use a descriptive approach to analyse and represent the data through the use of frequency distributions and graphical charts such as histograms, bar charts and pie charts. The measures of central tendency (mode, median, mean) were used to summarise the information about one particular variable into a single number (Neuman, 2015). Descriptive statistical methods depicted the centre, spread and shape of distributions (Cooper & Schindler, 2014).

For the context of the present study, this method was used to describe, :

(a) An analysis of observed ethical misconduct;
(b) An analysis of the nature of pressures to compromise ethical standards in the workplace thereby highlighting the most common pressures faced by organisations;

(c) An analytical evaluation of the measures or strategies applied to reduce ethical deviances;
(d) The extent to which the ethical organisational culture and standards in Mauritius compared with the global perspective;
(e) Types of key ethical climates found, their characteristics and specificities and how are they were related to the variables under study based on the outcomes of the correlation and regression tests undertaken.

3.4.8.2 Correlation Statistics

Correlation is a statistical technique that can demonstrate whether pairs of variables are related and if so, how strong the relationship is. In other words, it expresses the degree of association of two variables. Correlational studies are also known as *ex post facto* studies, literally meaning *from after the fact* (Simon & Goes, 2013).

Correlation measures the linear relationship between two variables with the coefficient indicating the strength of the relationship. Coefficient values range from -1 to 1). A positive correlation coefficient indicates a positive linear relationship between the variables such that as one variable increases in value, so does the other. A negative correlation coefficient indicates if one variable increases in value, the other decreases. A complete absence of correlation is represented by 0. It is also important to highlight that correlation does not imply causation, hence the need to supplement the study with regression analysis if effects need to be ascertained between variables (Gogtay & Thatte, 2017).

This current study focused on assessing the relationships amongst the various *macro-meso-micro* variables within the Conceptual Research Model such that relationships between two or more variables could be studied. For instance, there was a need to determine:

(a) The statistical relationship between organisational culture and ethical organisational climate;
(b) The statistical relationship between ethical leadership and decision making, and internal & external workplace pressures;
(c) The nature of the theoretical and observed interrelationships between organisational culture and ethical organisational climate (macro level

independent variables) and ethical leadership & decision making and internal & external workplace pressures (meso level, mediating variables)

(d) The nature of relationship of the above with the micro dependent variables of organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance.

3.4.8.3 Regression Analysis

Regression is another very important technique used in research work to study the effects of one variable onto another. In other words, it is used to investigate the effect of one or more independent or predictor variables on a dependent or outcome variable. It allows the researcher to make statements or conclusions on the relationships and effects between the independent variable(s) and the dependent variable(s). Regression analysis can provide further insights into the influence of one variable over the another variable, beyond what correlation analysis can provide (Cooper & Schindler, 2014).

In the event the researcher aims to assess in how a particular variable (X, dependent) might vary as function of another variable (Y, independent), then this kind of relationship is referred to as simple regression. However, it is common to come across situations where there is a need to assess the effects of several independent variables on an observed or dependent variable. In such cases multiple regression analysis can be performed (Campbell & Stanley, 1966, Tabachnick & Fidell, 1996)

In the context of the present study, there is a need to:

(a) Determine the effects of the macro and meso level variables on organisational citizenship behaviour, employee ethical behaviour & conduct, and perceived employee performance (being the three micro level dependent variables);

(b) Determine which of the key meso components (i.e. ethical leadership & decision making, and internal & external workplace pressures) influences the three micro level dependent variables;

(c) Identify the most influential and impactful workplace pressure factors;

(d) Determine which ethical related actions influence the dependent variables the most;

(e) Determine which critical ethical levers influence positive ethical outcomes such that a framework or model could be adapted and institutionalised for the context being studied;

(f) Evaluate how ethical climates influence employees' behaviour directed towards "unethical pro-organisational behaviour" so as to address the gap in literature as highlighted by Newman et al. (2017). In other words, an attempt to integrate theory to explain how ethical climates shape work outcomes and when ethical climates are more likely to influence such outcomes.

3.4.8.4 Factor Analysis

Factor analysis involves grouping similar variables into dimensions. In other words it aims to simplify data by reducing many individual items into a smaller set of dimensions, in regression models, whilst identifying latent variables (Child, 2006). For instance, factor analysis could be used to justify reducing questions with a view to shorten questionnaires.

It is a combination of methods used to study the dynamics of underlying factors influencing the responses on a number of measured variables (Decoster & Hall, 1998).

There are two main types of factor analysis namely (Decoster & Hall, 1998; Statistics Solutions, 2019):

- Exploratory Factor Analysis ("EFA") – This determines the number of common factors influencing a set of measures as well as establishing the strength of relationship between each factor and each observed measure.

- Confirmatory Factor Analysis ("CFA") – It is a multivariate statistical procedure that measures the extent to which the measured variables represent the number of constructs. It determines whether a predetermined factor model fits an observed set of data. Under this procedure, the researcher can specify the number of factors required in the data as well as which measured variable is related to which latent variable. It enables confirmation or rejection of the measurement theory.

For the current study, one of the most important empirical aims was determining whether there was a good fit between the elements of the empirically manifested structural model and the theoretically hypothesised model.

The literature suggests that a CFA should be evaluated in light of the outcomes of a combination of indices (Matsunaga, 2011). These include the:

- Exact fit index (e.g. Chi-square, CMIN/df)
- Root Mean Square Error of Approximation ("RMSEA")
- Incremental fit index, such as Comparative Fit Index ("CFI"), Tucker-Lewis Index ("TLI"), Relative Non-centrality Index ("RNI")
- Residual-based index, such as Standardised Root Mean Square Residual ("SRMR")

CMIN/df – The CMIN/df is one of the prime absolute fit indices that directly measures how well the hypothesised model, as specified by the researcher, reproduces the observed data. In other words, it assesses whether the hypothesised model is representative of the data (Hair et al., 2014). The CMIN/df is the Chi-square equivalent in CFA.

RMSEA – The RMSEA is one of the most widely used measures to indicate how well a model fits a population. According to Hair et al. (2014), it explicitly corrects for both model complexity and sample size by including each in its computation with lower RMSEA values indicating better fit. Based on empirical assessment of several measures, it was found that the RMSEA was best suited to use in a confirmatory model as samples become larger (Hair et al., 2014).

CFI – The CFI is one of the most widely used indices, given its relative insensitivity to model complexity (Hair *et* al., 2014). The CFI examines the discrepancy between the data and the hypothesised model, while adjusting for sample size issues. According to Hair et al. (2014), the CFI is normed so that values range between 0 and 1, with higher values indicating better fit. In fact, CFI values above .90 are usually associated with a model that fits well as commonly viewed by many scholars.

SRMR - The SRMR is an absolute measure of fit and useful for comparing fit across models. It can assess the practical significance of the magnitude of the SRMR value considering the research objectives, observed or actual covariances or correlations, with lower SRMR values representing better fit models (Hair et al., 2014). As a rule of thumb, an SRMR value of over .10 suggests a problem with model fit.

To avoid any bias in the evaluation of the model, the above four assessments were conducted consistently for all the variables subjected to CFA.

3.4.8.5 Structural Equation Modelling

According to Rigdon (1998), Structural Equation Modelling ("SEM") is *"a methodology for representing, estimating, and testing a theoretical network of (mostly) linear relations between variables".* The objective of SEM is to provide a powerful and comprehensive technique for assessing relationships between measured variables and latent constructs in a flexible way (Marcoulides, 1998). SEM, which accounts for variation and covariation of the measured variables, has become a widely used technique in research work as it enables the testing of theories and concepts (Babin et al., 2008; Hair et al., 2012).

The key strengths and characteristics of SEM are as follows (Suhr, 2006):

(a) It is a highly flexible and comprehensive methodology appropriate for investigating social, economic and health related issues including social, behavioural, cultural, family and peer dynamics, self-concepts and other phenomena;

(b) It relies on a formal specification of a model which needs to be assessed and tested with hypotheses supported by theory and relations specified *a priori*;

(c) It is a multivariate technique that incorporates, and analyses observed (measured/dependent) variables and unobserved (latent) constructs through the simultaneous solving of multiple related equations.

Maximum Likelihood Estimates ("MLE"), which is a commonly employed estimation method in structural equation modelling was used. According to Hair *et al.* (2014, p.544), it is *"a procedure that iteratively improves parameter estimates to minimize a*

specified fit function". In other words, the MLE *"method determines values for the parameters of a model such that they maximise the likelihood that the process described by the model produced the data that were actually observed"* (Brooks-Bartlett, 2018).

Moreover, for the purpose of examining construct reliability, the variance-extracted measures were also computed and examined using reference threshold values (Hair *et al.*, 2014, p.632).

In the current context of the study, SEM was used to establish a convenient and powerful graphical representation of complex relations of constructs within the Conceptual Research Model that could test the adequacy of the model and the set parameters through CFA. For the predictive part and to test for mediation, path analysis was used. In other words, the scores for each construct's measures were calculated before conducting the path analysis.

3.4.8.6 Path Analysis

According to Hair et al. (2014, p.546), Path Analysis is the *"general term for an approach that employs simple bivariate correlations to estimate relationships in a SEM model."* In the context of this study, the path analysis determined the mediating effects within the Conceptual Research Model. In other words, the respective direct and mediating effects of the independent and mediating variables on the dependent variables were computed, assessed and discussed.

3.4.8.7 Supporting Statistical Techniques

Other supporting statistical techniques included:

Harman's Single Factor Test – This test allowed identification of common method variance. In other words, it determined whether there was a single factor that accounted for the majority of covariance amongst the measures or not.

Kaiser Meyer Olkin (KMO) and Bartlett's Test – This statistic indicated the proportion of variance in the variables that might be caused by underlying factors.

Cronbach's Alpha – This measured the internal consistency of the instrument, i.e., how well the set of items put forward were closely related as a group such that the scale reliability could be established.

ANOVA (Analysis of Variance) - With a view to test the empirical aims of whether the mediating effects remained constant across different industry contexts and groups of individuals, ANOVA was used to test the differences between the identified groups.

Games-Howell Post Hoc Test – The test performed multiple comparisons for two or more groups. For example, it established whether different groups (age, socio-economic and industry group) responded differently to a particular item or set of items.

3.4.8.8 Other considerations

It is recognised that alternative statistical techniques exist for adoption as compared to the ones chosen above. For instances, bi-factor and higher order modelling techniques could also be valid options for consideration as alternatives to uni-dimensional and multi-dimensional CFA modelling. For the purpose of this study, a consistent process to examine and confirm the underlying latent factors through CFA was adopted, given the underlying originally validated instruments (holding sound validity and reliability attributes) used to measure each variable with the Conceptual Research Model. Where discriminant validity issues were noted post the CFA, the process of EFA was adopted to examine the resulting and emerging factors, which was again subjected to the CFA process. It is also acknowledged that mediation studies are commonly used for longitudinal studies, it can nevertheless be relied upon to study the indirect effects within a macro-meso-micro framework via statistical criteria in cross-sectional studies as the present study is not aiming to establish causation (Winer et al., 2016).

3.4.9 Use of Statistical Tools

For the purpose of data preparation, statistical analysis and interpretation, the following tools were used given the breadth and appropriateness of statistical features they provide for computation, analysis and reporting to respond to the multi-faceted requirements and specificities of this study:

- IBM SPSS Software Package, version 24
- IBM SPSS Amos Software Package, version 24
- Hayes' PROCESS Procedures for SPSS, version 3.4.1
- Microsoft Excel, version 2013

3.4.10 Limitations to the Survey Methodology

The identified limitations to the survey methodology were typical ones inherent to the use of questionnaire design where closed-ended questions with a 5-point Likert scale could restrict possible answers (Rosnow & Rosenthal, 1996). The self-administered questionnaires could also be subject to vulnerabilities of diverse response styles. Furthermore, the response rate and quality of responses were uncertain at the time of design. The instruments also did not offer the researcher the possibilities to clarify and validate responses being provided by the participants. (Beiske, 2002; McLeaod, 2018)

3.5 ETHICAL CONSIDERATIONS

Given the nature of exercise and data being collected, due care and diligence was given to observe all such requirements of legislation, ethical standards, factors in relation to rights over the data and how it would be used, shared and protected.

Some of the key ethical considerations for the present study were:

(a) The required clearances for the use of the relevant underlying instruments in the overall scope of this study;
(b) Appropriate measures were taken in the development of the instrument to avoid collection of sensitive personal data, and also explain the purpose so that participation could be made voluntarily, informed consent could be obtained and rights of the respondents to withdraw their responses from the data set should the need arise;
(c) Ensuring the questionnaire was prepared in an appropriate format and language for potential participants to read easily, understand and respond. Should any respondent face any difficulty to complete the questionnaire, appropriate disclosures were made to inform them of no adverse consequences of a decision for not participating and withdrawing;
(d) Appropriate agreement was entered for the data collection exercise by the appointed service provider. This ensured a fair, ethical and legally compliant process to access the target group, gather the required relevant data. It was determined how data would be collected, validated and submitted for onward analysis and study. The agreement also restricted the use of the collected data by any third party, for any other purposes other than the current research study, with commitments for confidentiality and non-disclosure formalised;
(e) A query-feedback process was also implemented with the data collectors to ensure that any queries from participants were responded to timeously and also that appropriate feedback was collected for any future use.

3.6 SUMMARY OF THE CHAPTER

This chapter played a crucial preparatory phase prior to initiating the research work on the ground. Formulating an appropriate research strategy that would fulfil the research objectives was central to this chapter. This served as a steppingstone to progress towards the next phase with the empirical study of the key constructs of the Conceptual Research Model. This chapter has enabled to:

(a) Evaluate the various research approaches and take an ontological and epistemological stance best suited for this study;

(b) In light of the chosen positivist research approach and considering the nature of the research questions and empirical aims, quantitative research methods have been chosen to undertake the next phase of the research work;

(c) Undertake a review of 41 relevant potential instruments that have been used in other research across the world to measure the underlying constructs within the Conceptual Research Model. Select the most appropriate ones (8) based on their respective characteristics and merits to best suit and measure the key constructs. Where documented critics or limitations were noted, these were taken into consideration in the process.

(d) Devise the final master instrument to be used whereby the underlying instruments (originally validated and holding sound validity and reliability attributes) were borrowed from well-established researchers. Few of them were marginally adapted to respond to specific research questions without affecting the underlying instruments' validities and reliabilities. The set of established and originally validated instruments was integrated as a collective master instrument to best suit the requirements and scope of this study;

(e) Document the strategy for testing and fine tuning the instrument such that validity and reliability could be established. The data collection strategies were specified to shed light on how the survey was administered. The proposed statistical analysis techniques required to achieve the research questions and empirical aims of this study were also specified.

CHAPTER 4: RESEARCH RESULTS & INTERPRETATION

4.1 INTRODUCTION

The preceding chapter on research design and methodology laid the required foundation to guide the field study. The formulation of the research strategy in line with the research objectives and the empirical study being envisaged was a key enabler to embracing the field study in a reliable manner.

Prior to commencing the proposed field work, the consideration and approval of the Research Ethics Review Committee of the Unisa School of Business Leadership was sought and obtained in respect of the application that was made for ethics clearance. The said approval was received on 20 August 2019.

The hiring of the services of Kantar for data collection was formalised in September 2019, and the field research work was undertaken between November 2019 and February 2020.

This chapter thus focuses on two main aspects namely:

(a) Explaining the approach and process undertaken for data collection including the challenges faced during the process, and the quality control measures applied for reliability checks; and
(b) Univariate, bivariate and multivariate statistical analysis employing amongst other advanced techniques such as confirmatory factor analysis (“CFA”), exploratory factor analysis (“EFA”), path analysis and testing for mediation, and the interpretation of results to better understand the underlying dynamics between the data and the model.

On the basis of the analysis and interpretation of the research results conducted in this chapter, insights and findings were drawn and discussed in respect of the research objectives, research questions and empirical aims in the final chapter.

4.2 THE SURVEY PROCESS, CHALLENGES & QUALITY CONTROLS

4.2.1 The Survey Process

The first stage of the field work process involved holding briefing sessions with the appointed service provider (Kantar) to ensure the field work was properly undertaken as per the established methodologies, standards and ethical requirements. This information was also documented and formalised so that due diligence was applied throughout the process.

The instrument was then digitised using the Computer Aided Personal Interviews ("CAPI") tool, a technique to ease data collection, quality controls and subsequent analysis. The digital version of the instrument was subject to quality controls to ensure all sections and items were properly covered. Controls were also set on consent of participants, age groups, employment status, and number of employees in the organisation as key pre-conditions to participating to the survey.

Prior to effecting full scale face-to-face surveys through CAPI, a small pilot exercise was undertaken to gauge the effectiveness of the instrument and to identify any possible hurdles encountered with a view to take appropriate measures proactively and enhance the effectiveness of the field survey. The pilot revealed a few issues which were then addressed so as to enhance reliability, namely:

- Some terminologies used within certain items in the questionnaire required clarification to ensure a consistent understanding of the meaning. Certain items were thus refined, and where required, the support of French and Creole was considered in a structured way for certain cases to enhance reliability without compromising the underlying objectives of the questions and instrument;
- Certain participants during the pilot stage felt that the instrument was long and time consuming to respond. Apart from rendering the user interface of CAPI appealing, efficient and simple to use, there was little that could have been done in this respect. This was because any changes would have constrained the scope, limited the response to the research questions, and potentially affected the reliability of the instrument. It was felt that this issue could impact the

response rate during the fieldwork. However, the initial scope of the instrument (as proposed) was maintained for data collection, given the significance of the relevant sections in assessing the Conceptual Research Model and research questions set out.

- To obtain a sound basis for data representativeness and to enable further analysis on the profile of the respondents, a few additional questions were suggested by Kantar. Three items were added to also capture District, Ethnic Group and Occupation. The latter was included so that it could be mapped on Socio-economic group and enable a broader analysis of the profiles whilst ensuring assessment of data representativeness on more attributes (i.e. gender, age group, industry, socio-economic group, ethnic group and district). This extension was regarded as value-adding as it enabled further analysis and evaluation of the ethical behavioural patterns in the local context across such groups.

In total, 526 face-to-face home surveys were conducted by Kantar using the CAPI technique by a team of 20 interviewers, working under the supervision of two field assistants and five supervisors. The responses were subject to quality controls prior to their retention for subsequent data analysis. Though the fieldwork was planned to be undertaken from October 2019, it was slightly delayed due to a decision taken to initiate the process post the Mauritius general elections. The field work was thus conducted between 15 November 2019 and 07 February 2020, with the initial days experiencing a low participation rate but with a gradual increase in the latter periods. The field work had to be put on hold during the end of year festive season, between the 20 December 2019 and 10 January 2020, with a view to obtaining participants' availabilities and reliable responses. Interviews were conducted in the afternoons during weekdays, and between 09:00 to 18:00 during weekends. These arrangements were required to ensure an effective data collection exercise.

As per the initial design, Municipal Council Areas ("MCA") and Village Council Areas ("VCA") were randomly selected in each District. The number of MCA and VCA chosen by Districts varied according to the demographics of the District. Starting points were defined for each MCA and VCA selected, and a total of 100 starting points were chosen to achieve a sample size of 526 interviewees. The enumerators were required

to conduct conducted random walks and to select a maximum of eight homes/interviews per sampling point.

4.2.2 Challenges faced during field work

The following challenges were faced during the survey:

(a) Drop outs - Due to the length of the instrument, a considerable number of the respondents did not complete their questionnaires. Sixty-seven (67) respondents ended the face-to-face survey after 30 minutes due to time constraints and other personal priorities. These partial responses were not considered suitable for inclusion in the study and removed from the remainder of the survey exercise. This was found to be a potential challenge during the pilot run.

(b) Reluctance in providing the signed Consent Form – 526 participants provided their consents after having gone through the Participant Information Sheet and relevant clauses including the confidentiality. They provided their consent during the interview process by selecting the “Yes” option in the CAPI tool for the question *“I hereby provide my consent to use my responses for research work purposes”*. Some respondents were reluctant to provide the signed Consent Form (paper version) due to apprehension of getting some form of challenges with their organisations. However, these respondents were eager to participate, provided their consents electronically, remained fully engaged during the survey, and did not wish to be removed from the survey as they wanted to voluntarily contribute towards this study.

4.2.3 Quality Controls during Field Work

With the aim to ensure reliability of the survey process and the collected data by the interviewers, a diligent quality control mechanism was implemented. An independent team of quality controllers effected call checks to the participants (20% selected randomly per interviewer) to ensure the reliability of data collected. The responses from the call checks were compared with the responses collected by the interviewers through CAPI.

When effecting call checks, 70% of the respondents out of the 20% of questionnaires randomly selected per interviewer were reached over the phone, and responses to the quality control questions were found to match those provided earlier through the CAPI. The remaining 30% of questionnaires account for ‘non-reachables’ or ‘respondents being too busy’.

The responses which did not pass 70% of the quality control checks were discarded. A total of 43 questionnaires were rejected in particular for two interviewers. The 43 questionnaires were subsequently re-allocated to other interviewers working on the field work so as achieve total sample of 526 with enhanced data reliability. The call checks also confirmed that the participants effectively provided their consent and were willing to participate.

According to the internal quality control systems and based on the successful outcomes of the call checks undertaken with the participants, the data collected for the survey from the 526 participants were found to be reliable and could be used for subsequent research and statistical assessment.

4.3 SURVEY DATA ASSESSMENT

4.3.1 Case & Variable Screening

With the aim to create a reliable database for analysis, the 526 baseline surveyed cases (with Participation=Yes; Consent=Yes; Working=Yes; Age=20-69) were subjected to an initial screening. This involved cases being assessed for missing values, followed by an assessment and identification of unengaged responses. Finally, the variation per item was assessed using descriptive statistical techniques including mean, standard deviation, skewness and kurtosis.

Despite a rigorous in-field quality control process adhered to by Kantar, this was done as an additional quality control step to confirm that no missing values were observed. With regard to 'unengaged responses', the in-field quality control process did include identification ('flagging') of respondents that might have been considered as 'unengaged'. However, in-field exclusion of these respondents was not enforced due to the subjective nature of judgement on the part of the interviewer. It was therefore rather made a quality control process that was more statistically driven, hence checking for cases where $SD < 0.40$.

The process adopted and findings were as follows:

4.3.1.1 Data Preparation for Statistical Computation & Analysis

The items were categorised and coded using a nomenclature {prefix.suffix} whereby the prefix represents an abbreviation of the respective construct within the Conceptual Research Model (i.e. "OC" for Organisational Culture, "EOC" for Ethical Organisational Climate, "ELDM" for Ethical Leadership and Decision Making", "IEWP" for Internal & External Workplace Pressure, "OCB" for Organisational Citizenship Behaviour, "EEBC" for Employee Ethical Behaviour & Conduct, and "PEP" for Perceived Employee Performance). The suffix is basically a sequential number representing the item number such that OCB.5 would be the fifth item in the instrument set for measuring the Organisational Citizenship Behaviour. The letter "r" was used behind the suffix to denote any negatively worded items and that were reversed scored as proposed by the developers.

The responses of the participants under each item were coded with a sequentially increasing number (1, 2, 3, 4, 5,…). For example, Male was given a code of '1' and Female '2'. Likewise, Likert items with responses for Strongly Disagree, Disagree, Neutral, Agree and Strongly agree were coded with numbers 1, 2, 3, 4 and 5 respectively.

4.3.1.2 Missing Value Analysis

The number of observed cases with missing values was nil, hence no cases were excluded at this stage.

4.3.1.3 Identifying Unengaged Responses

The standard deviations for each of the 526 baseline cases were computed with a view to determine the possibility of unengaged responses. Cases with low standard deviations (< 0.40) were screened and inspected. Three cases were identified as having low standard deviations of less than 0.40. These cases were spotted as potential cases of unengaged responses given the very low variability in responses. For reliability purposes, these three cases were excluded from the data set. The sample was thus revised from n = 526 to n = 523, the latter being the data set which underwent further analysis.

4.3.1.4 Assessing Variation per Item

The respective Means, Standard Deviations, Skewness, Kurtosis and Kurtosis/Standard Error ("*SE*") ratio of all items being used to measure the underlying constructs of the Conceptual Research Model were computed and examined and will be discussed in further details in the context of the statistical analysis and tests being applied in this chapter.

4.3.1.5 Assessing Normality

The responses to items measuring the seven underlying constructs and the prevailing ethical standards and practices were plotted and their respective distributions were assessed through histograms. Based on these assessments, no significant deviations were identified that warranted any further exclusion of items.

4.3.2 Sample Representation

An assessment of the sample representativeness of the population was affected on several key attributes namely:

- Gender
- Age
- Industry
- Socio-economic group
- Ethnic group
- District

The sample was found to be representative of the population, though some deviations were evident as depicted in Table 4.1. Even if certain deviation from the population existed, the data could still be useful in the context of the study. The “Sample” columns comprise the numbers and percentages of the respondents by gender, and they have been compared with the corresponding population at the national level, column “Population” (Statistics Mauritius, 2018).

4.3.2.1 Gender Representativeness

Table 4.1 indicates the gender distribution of the participants in the sample (*n* = 523) compared to the national population. This tendency is driven by the fact that there is a larger segment of Males (60%) in the working class at the national level.

Table 4.1

Gender Representativeness

	Sample		**Population**
Gender	Frequency	Percent	Percent
Male	277	53.0%	49.5%
Female	246	47.0%	50.5%
Total	**523**	**100.0%**	**100.0%**

4.3.2.2 Age Group Representativeness

Table 4.2 indicates the age distribution (in groups) of the participants in the sample (*n* = 523) compared to the national population. The sample representativeness is fairly close to the national population for all age groups, except for the 60 to 69 years of age. This can be explained by the fact that the survey focused on the people in employment, whilst the 60 to 69 age group would hold a large number of retirees. Hence a relatively lower percentage of participants lay in this age band.

Table 4.2

Age Group Representativeness (as surveyed)

	Sample		Population
Age Group	Frequency	Percent	Percent
20-29	159	30.4%	26.2%
30-39	141	27.0%	23.9%
40-49	112	21.4%	24.3%
50-59	89	17.0%	17.2%
60-69	22	4.2%	8.4%
Total	**523**	**100.0%**	**100.0%**

For the purpose of subsequently conducting “statistically meaningful” group differences, the aim was to have a least 30 respondents by group to meet a large enough sample condition for statistical tests (Corder & Foreman, 2009; Glen, 2020; Salkind, 2004). Therefore, age groups “50-59” (*n* = 89) and “60-69” (*n* = 22) were grouped into ages '50-69' (*n* = 111).

4.3.2.3 Industry Representativeness

Table 4.3 indicates the industry distribution of the participants in the sample (*n* = 523) compared to the national population as surveyed.

Table 4.3

Industry Representativeness (as surveyed)

	Sample		Population	
Industry	Frequency	Percent	Frequency	Percent
Agriculture, forestry and fishing	23	4.4%	110	4.3%
Mining and quarrying	0	0.0%	23	0.9%
Manufacturing	63	12.0%	585	23.1%
Electricity, gas, steam and air conditioning supply	8	1.5%	7	0.3%
Water supply, sewerage, waste management and remediation activities	16	3.1%	10	0.4%
Construction	31	5.9%	111	4.4%
Information and communication	24	4.6%	92	3.6%
Financial and insurance activities	37	7.1%	145	5.7%
Real estate activities	3	0.6%	33	1.3%
Professional, scientific, and technical activities	6	1.1%	178	7.0%
Administrative and support service activities	22	4.2%	118	4.7%
Public administration and defence, compulsory social security	43	8.2%	40	1.6%
Wholesale and retail trade, repair of motor vehicles and motorcycles	73	14.0%	457	18.0%
Transportation and storage	27	5.2%	90	3.6%
Accommodation and food service activities	34	6.5%	196	7.7%
Education	44	8.4%	176	6.9%
Human health and social work activities	37	7.1%	58	2.3%
Arts, entertainment, and recreation	12	2.3%	74	2.9%
Other services	20	3.8%	31	1.2%
Total	**523**	**100.0%**	**2534**	**100.0%**

With a view to be able to conduct “statistically meaningful” group differences, the industries were regrouped such that they held a minimum of 30 respondents per group. For grouping purposes, the Global Industry Classification Standard (GICS) & Industry Classification Benchmark (ICB) were first considered whereby the “Electricity, gas…” and “Water supply, sewerage, waste management…” were regrouped and reclassified as “Utilities” (FTSE Russell, 2019; S&P Global & MSCI, 2018). However, it was noted that the terminologies and classifications used by the earlier referenced benchmarks did not perfectly match the understanding of the industries in the local context. Thus, most of the existing categories were maintained as surveyed, and the

others were merged were on the basis of their nature and relatedness to the activities. As such, 19 industries were regrouped into 12 for further analysis as follows:

Table 4.4

Industry Representativeness (partially regrouped)

	Sample		Population	
Industry Group	Frequency	Percent	Frequency	Percent
Agriculture, forestry, fishing and Utilities *(Regrouped)*[a]	47	9.0%	150	5.9%
Manufacturing	63	12.0%	585	23.1%
Construction & real estate activities *(Regrouped)*[b]	34	6.5%	144	5.7%
ICT, professional, scientific & technical activities *(Regrouped)*[c]	30	5.7%	270	10.7%
Financial and insurance activities	37	7.1%	145	5.7%
Public administration and defence, compulsory social security	43	8.2%	40	1.6%
Wholesale and retail trade, repair of motor vehicles and motorcycle	73	14.0%	457	18.0%
Transportation, storage, administrative and support service *(Regrouped)*[d]	49	9.4%	208	8.2%
Accommodation and food service activities	34	6.5%	196	7.7%
Education	44	8.4%	176	6.9%
Human health and social work activities	37	7.1%	58	2.3%
Other services *(Regrouped)*[e]	32	6.1%	105	4.1%
TOTAL	**523**	**100.0%**	**2,534**	**100.0%**

Note. The regrouping is based on the numbers reported in Table 4.3

[a] Agriculture, forestry, fishing (*n* = 23), mining & quarrying (*n* = 0) and Utilities (*n* = 8) and (*n* = 16) were regrouped

[b] Construction (*n* = 31) and real estate activities (*n* = 3) were regrouped

[c] ICT (*n* = 24) and professional, scientific & technical activities (*n* = 6) were regrouped

[d] Transportation, storage (*n* = 27) and administrative & support service (*n* = 22) were regrouped

[e] Other services (*n* = 12) and (*n* = 20) were regrouped

4.3.2.4 Socio-economic Group Representativeness

Table 4.5 indicates the socio-economic distribution (in groups) of the participants in the sample (*n* = 523) compared to the national population based on ESOMAR standards (ESOMAR, 2020). The sample representativeness is fairly close to the national population for all socio-economic groups, except for the DE segment. This can be explained by the fact that this particular survey may have been relatively advanced for respondents in this segment to participate in, given their academic profiles (i.e. holding skills for elementary occupation such as plant & machine operators, etc.). Hence a there is a relatively lower percentage of participants in this segment.

Table 4.5

Socio-economic Group Representativeness

	Sample		**Population**
Socio-economic Group	Frequency	Percent	Percent
AB - High Class	72	13.8%	12.0%
C1 - Upper Middle Class	221	42.3%	38.0%
C2 - Lower Middle Class	184	35.2%	30.0%
DE - Lower Class	46	8.8%	20.0%
Total	**523**	**100.0%**	**100.0%**

4.3.3 Ethnic Group Representativeness

Table 4.6 indicates the ethnic group distribution of the participants in the sample (*n* = 523) compared to the national population. The sample is representative for most of the ethnic groups.

Table 4.6

Ethnic Group Representativeness

	Sample		**Population**
Ethnic Groups (as classified in Mauritius)	Frequency	Percent	Percent
Hindus	265	50.7%	51.0%
Muslims	94	18.0%	18.0%
General Population (Christians)	161	30.8%	28.0%
Chinese	3	0.6%	3.0%
Total	**523**	**100.0%**	**100.0%**

4.3.3.1 District Representativeness

Table 4.7 indicates the distribution of the participants by district in the sample (*n* = 523) compared to the national population. Most of the districts are well represented except for Rodrigues which is an outer island where the survey was not conducted specifically in that region. Plaines Wilhems drew a larger response base given that it holds a larger segment of the working population in that area.

Table 4.7

District Representativeness

	Sample		Population
Districts	Frequency	Percent	Percent
Port Louis	41	7.8%	9.6%
Pamplemousses	27	5.2%	11.0%
Riviere du Rempart	51	9.8%	8.6%
Flacq	52	9.9%	10.9%
Grand Port	53	10.1%	9.0%
Savanne	16	3.1%	5.5%
Plaines Wilhems	220	42.1%	29.3%
Moka	36	6.9%	6.7%
Black River	27	5.2%	6.2%
Rodrigues	0	0.0%	3.3%
Total	**523**	**100.0%**	**100.0%**

4.4 HIGH LEVEL INSIGHTS

Prior to embarking on the model fit assessment exercise, a preliminary evaluation was done on the survey results to gather some high level insights on the state of ethics and compliance standards and practices in the local context. Table 4.8 provides an indication on the extent to which organisations (classified as large establishments) promoted ethics and compliance.

Table 4.8

Ethics & Compliance Standards and Practice by Industry

To what extent does your organisation promote Ethics & Compliance?

Industry	n	Never	Rarely	Sometimes	Often	Always	TOTAL
Accommodation and food service activities	34	6%	3%	9%	38%	44%	100%
Administrative and support service activities	22	23%	9%	9%	27%	32%	100%
Agriculture, forestry and fishing	23	9%	4%	13%	48%	26%	100%
Arts, entertainment, and recreation	12	17%	8%	25%	33%	17%	100%
Construction	31	19%	16%	3%	26%	35%	100%
Education	44	5%	7%	14%	39%	36%	100%
Electricity, gas, steam and air conditioning supply	8	0%	0%	0%	75%	25%	100%
Financial and insurance activities	37	3%	5%	11%	30%	51%	100%
Human health and social work activities	37	8%	3%	11%	27%	51%	100%
Information and communication	24	13%	13%	17%	25%	33%	100%
Manufacturing	63	10%	16%	6%	32%	37%	100%
Other services	20	20%	0%	15%	25%	40%	100%
Professional, scientific and technical activities	6	33%	17%	33%	0%	17%	100%
Public Administration and defence, compulsory social security	43	12%	12%	12%	16%	49%	100%
Real estate activities	3	33%	0%	0%	33%	33%	100%
Transportation and storage	27	19%	7%	11%	37%	26%	100%
Water supply, sewerage, waste management and remediation activities	16	6%	13%	0%	44%	38%	100%
Wholesale and retail trade, repair of motor vehicles and motorcycle	73	15%	11%	12%	23%	38%	100%
All Industries	**523**	**12%**	**9%**	**11%**	**30%**	**38%**	**100%**

Note. n = 523; As surveyed, alphabetically sorted, no. of respondents by Industry represented in %; "Other services" comprise activities of membership organisations, other personal service activities (e.g. hairdressing and beauty parlour) and services in respect of washing and dry cleaning of textiles and fur products

It was noted that out of the retained sample (*n* = 523), a large majority of organisations (79%) are promoting ethics and compliance standards in Mauritius across industries to varying extents, from sometimes, often to always. However, the survey indicates that 12% never promote and 9% rarely do so, across industries even if some of industry players are operating within regulated environment.

Another aspect of interest was to gauge the nature and prevalence of ethics and compliance related actions, tools and systems in the local context as reported in Table 4.9 on page 215 of the thesis.

It is noted that "Written Ethics Policies & Standards" and "Code of Ethics" were the top two tools in place in organisations governing their ethics practices, albeit both of these are relatively low in prevalence (35% and 19% respectively) across industries. The level of training in ethics standards and codes seems to be relatively low with only 12% of the respondents having confirmed the same. It was revealing to further note that ethical standards and practices as promoted globally in developed or developing countries, for e.g. means to report violations, systems to discipline ethics violators, etc. are "*quasi absent*" in the local context with very low prevalence. This is evidenced by the following key measures which were used in setting the right ethical environment in the workplace:

- Performance evaluations of ethical conduct (4%)
- Organisation resources that provide advice about ethics issues (4%)
- Systems to discipline violators (3%)
- A means to report potential violations confidentially or anonymously (2%)

Table 4.9

Prevalence of Ethics & Compliance Standards and Practice by Industry

Which of the following is/are present in your organisation?									
Industry	**n**	**Written Ethics Policies & Standards**	**Code of Ethics**	**Training on Standards & Code**	**Performance evaluations of ethical conduct**	**Organisation resources that provide advice about ethics issues**	**System to discipline violators**	**A means to report potential violations confidentially or anonymously**	**None of these**
Accommodation and food service activities	34	53%	12%	9%	3%	3%	3%	6%	12%
Administrative and support service activities	22	27%	18%	14%	0%	5%	5%	0%	32%
Agriculture, forestry and fishing	23	43%	13%	13%	4%	0%	4%	4%	17%
Arts, entertainment and recreation	12	17%	17%	17%	0%	8%	0%	0%	42%
Construction	31	39%	6%	6%	3%	0%	3%	6%	35%
Education	44	30%	30%	11%	7%	5%	0%	0%	18%
Electricity, gas, steam and air conditioning supply	8	0%	25%	38%	13%	13%	0%	0%	13%
Financial and insurance activities	37	49%	14%	14%	3%	5%	0%	3%	14%
Human health and social work activities	37	54%	5%	11%	3%	11%	5%	0%	11%
Information and communication	24	38%	0%	21%	8%	4%	4%	0%	25%
Manufacturing	63	21%	32%	11%	5%	8%	5%	0%	19%
Other services	20	35%	35%	10%	0%	5%	0%	5%	10%
Professional, scientific and technical activities	6	33%	17%	0%	0%	0%	17%	0%	33%
Public Administration and defence, compulsory social security	43	40%	19%	16%	2%	0%	0%	5%	19%
Real estate activities	3	0%	33%	0%	0%	0%	0%	33%	33%
Transportation and storage	27	30%	26%	11%	0%	0%	4%	4%	26%
Water supply, sewerage, waste management and remediation activities	16	44%	13%	13%	0%	0%	6%	6%	19%
Wholesale and retail trade, repair of motor vehicles and motorcycle	73	32%	19%	8%	5%	3%	5%	1%	26%
All Industries	**523**	**35%**	**19%**	**12%**	**4%**	**4%**	**3%**	**2%**	**21%**

Note:n = 523; As surveyed, alphabetically sorted, no. of respondents by Industry represented in %; “Other services” comprise activities of membership organisations, other personal service activities (e.g. hairdressing and beauty parlour) and services in respect of washing and dry cleaning of textiles and fur products

From the Table 4.9 on page 215, it was also noted that a considerable number of respondents (21%) reported not having any of these ethics measures, practices and systems in their organisations.

It also appears, from Table 4.10 on page 217, that the prevalence of “Written Ethics Policies & Standards” is higher in larger organisations compared to smaller establishments. The emphasis on training on ethics standards and codes was not that much higher in these large establishments. Another important revelation was that respondents from small to mid-sized establishments confirmed the prevalence of more advanced ethics practices in place (albeit low) compared to larger organisations, with measures in place such as advice on ethics issues, systems to discipline violators and means to report potential violations anonymously.

Table 4.10

Prevalence of Ethics & Compliance Standards & Practice by Establishment Size

Which of the following is/are present in your organisation?										
Establishment Size (No. of Employees)	**n**	**Written Ethics Policies & Standards**	**Code of Ethics**	**Training on Standards & Code**	**Performance evaluations of ethical conduct**	**Organisation resources that provide advice about ethics issues**	**Systems to discipline violators**	**A means to report potential violations confidentially or anonymously**	**None of these**	**TOTAL**
11-50	233	31%	19%	10%	4%	4%	3%	2%	27%	100%
51-100	100	28%	21%	16%	3%	5%	5%	4%	18%	100%
101-250	56	45%	9%	16%	4%	4%	2%	4%	18%	100%
251-500	52	44%	19%	8%	2%	2%	4%	6%	15%	100%
501-1000	29	38%	28%	21%	3%	7%	0%	0%	3%	100%
1001-1500	11	55%	9%	9%	9%	0%	0%	0%	18%	100%
1501-2500	8	63%	13%	13%	0%	0%	0%	0%	13%	100%
>2500	19	63%	5%	5%	11%	0%	5%	0%	11%	100%
Don't know	15	20%	40%	7%	0%	7%	0%	0%	27%	100%
All Establishments	**523**	**35%**	**19%**	**12%**	**4%**	**4%**	**3%**	**2%**	**21%**	100%

Note. n = 523; As surveyed, alphabetically sorted, no. of respondents by Establishment Size represented in %

Another area of interest in the context of this research was to gather the pulse of ethical deviances or malpractices observed by the respondents over the last 12 months in their workplace. Whilst 55% of the respondents had not witnessed any such form of issues, 45% of the respondents nevertheless observed ethical issues or malpractices to varying extents, with 12% seeing a frequent omnipresence of such deviances over the last 12 months.

Table 4.11

Observed Ethical Deviances and Malpractices over the last 12-mths in the Workplace

To what extent have you observed any form of ethical deviances or malpractices in your workplace over the last 12 months?						
Measures	**Never**	**Rarely**	**Sometimes**	**Often**	**Always**	**TOTAL**
n	286	109	66	41	21	523
%	55%	21%	13%	8%	4%	100%

Note. n = 523; No. of respondents in %

Among the reported ethical deviances or malpractices prevailing in the organisations, the top five deviances rated by the respondents are provided below in descending order of frequency:

- "Abusive or intimating behaviour towards employees" (21%);
- "Decisions made to benefit employee's self-interests or own family/friends' interests" (6%);
- "Lying to employees, customers, vendors or the public" (5%);
- "Unreasonable business targets" (4%); and
- "Abusive use of company facilities" (4%).

A considerable number of respondents (53%) observed other forms of ethical deviances or malpractices. The survey also gathered insights on ethical behaviour and conduct through a specific set of questions that were also used in global studies and which were rated on a 5-point Likert scale (one being "Strongly Disagree" and five being "Strongly Agree" to the respective items) by the local participants. The key behaviours were measured through descriptive statistics and bar graphs as shown in

Table 4.12 below, Figure 4.1 on page 220, Figure 4.2 on page 221 and Figure 4.3 on page 222 of the thesis:

Table 4.12

Set of Items Measuring Ethical Behaviour & Conduct (as per global surveys)

	Mean *(M)*	**Std. Deviation *(SD)***
Items measuring Ethical Behaviour & Conduct	Statistic	Statistic
…people are engaged in anti-competitive behaviour.	2.69	1.057
…decisions made or actions taken benefit the employee (or friends/family) over the interest of your organisation (conflict of interest).	2.50	1.069
…there is abusive and intimidating behaviour towards employees.	2.43	1.092
…people hide (potential) violations before on-site inspections.	2.36	1.018
…there is retaliation against someone who has reported misconduct.	2.29	1.006
…there are human rights violations.	2.25	1.011
…there is delivery of goods or services that fail to meet specification or clients' requirements.	2.22	0.989
…one may lie to employees, customers, vendors or the public.	2.22	0.972
…there are violations of health and/or safety regulations.	2.19	0.961
…there is practice of improper contracting or violations of contract terms with customers or suppliers.	2.16	0.972
…stealing or theft occurs.	2.16	0.934
…there is inappropriate alteration, falsification and/or misrepresentation of your organisation's documents or records.	2.15	0.953
…there are violations of environment regulations.	2.15	0.949
…there is improper access to, disclosure of and/or use of computers or employees' personal or private information.	2.14	0.970
…people accept bribes, kickbacks and/or appropriate gift.	2.12	0.987

Note. n = 523; Based on No. of respondents and M ranked highest to lowest

The pattern indicates a mean ranging between a low of 2.12 and a high of 2.69, i.e., suggesting disagreement by a large majority of the prevalence of such ethical issues. However, the survey does highlight that there is also a sizeable portion of people (around 15 to 20% of respondents) having witnessed ethical deviances in their workplaces, as can be gathered from the bar graphs provided below

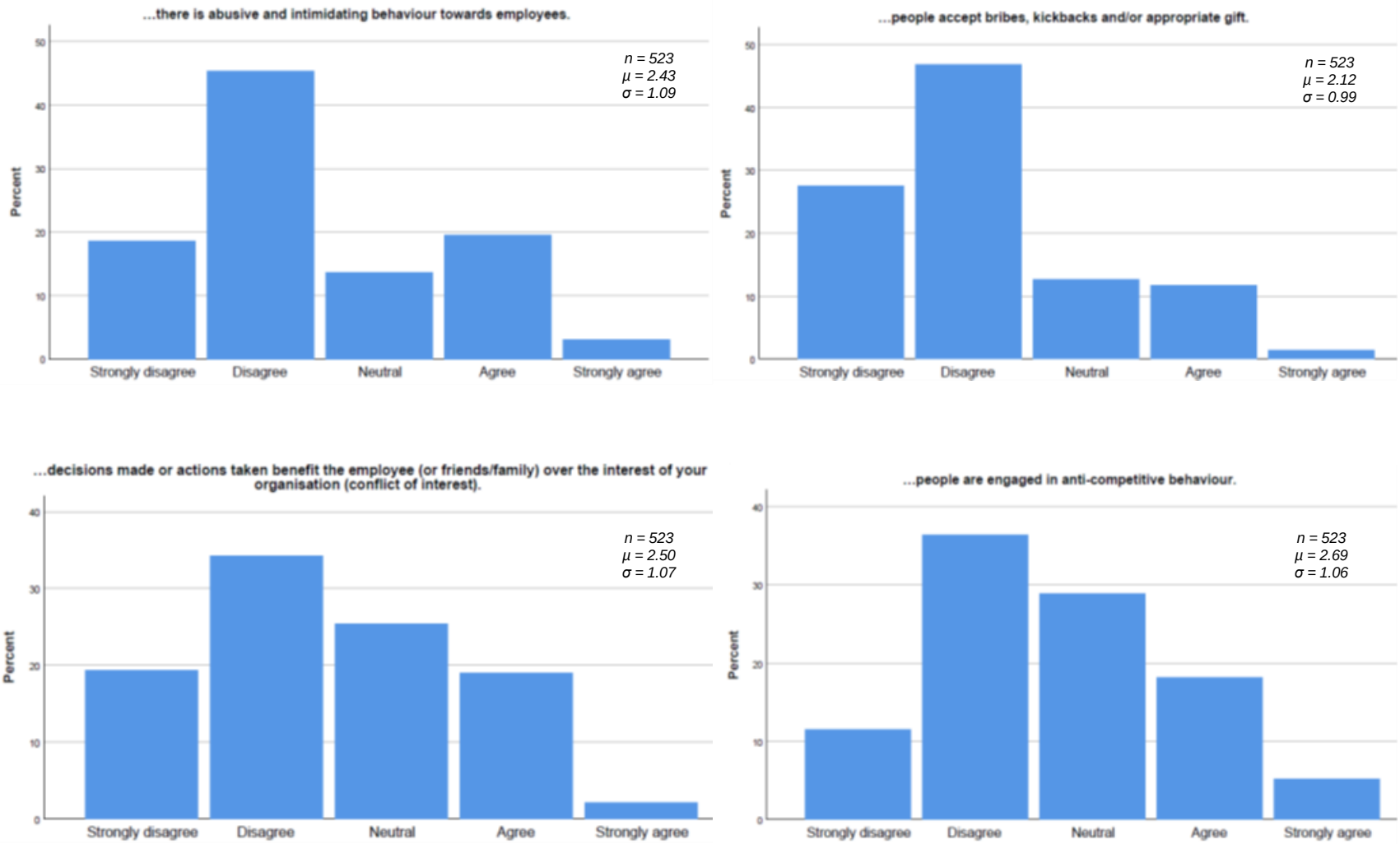


Figure 4.1: Ethical behaviour and conduct at the workplace(a)

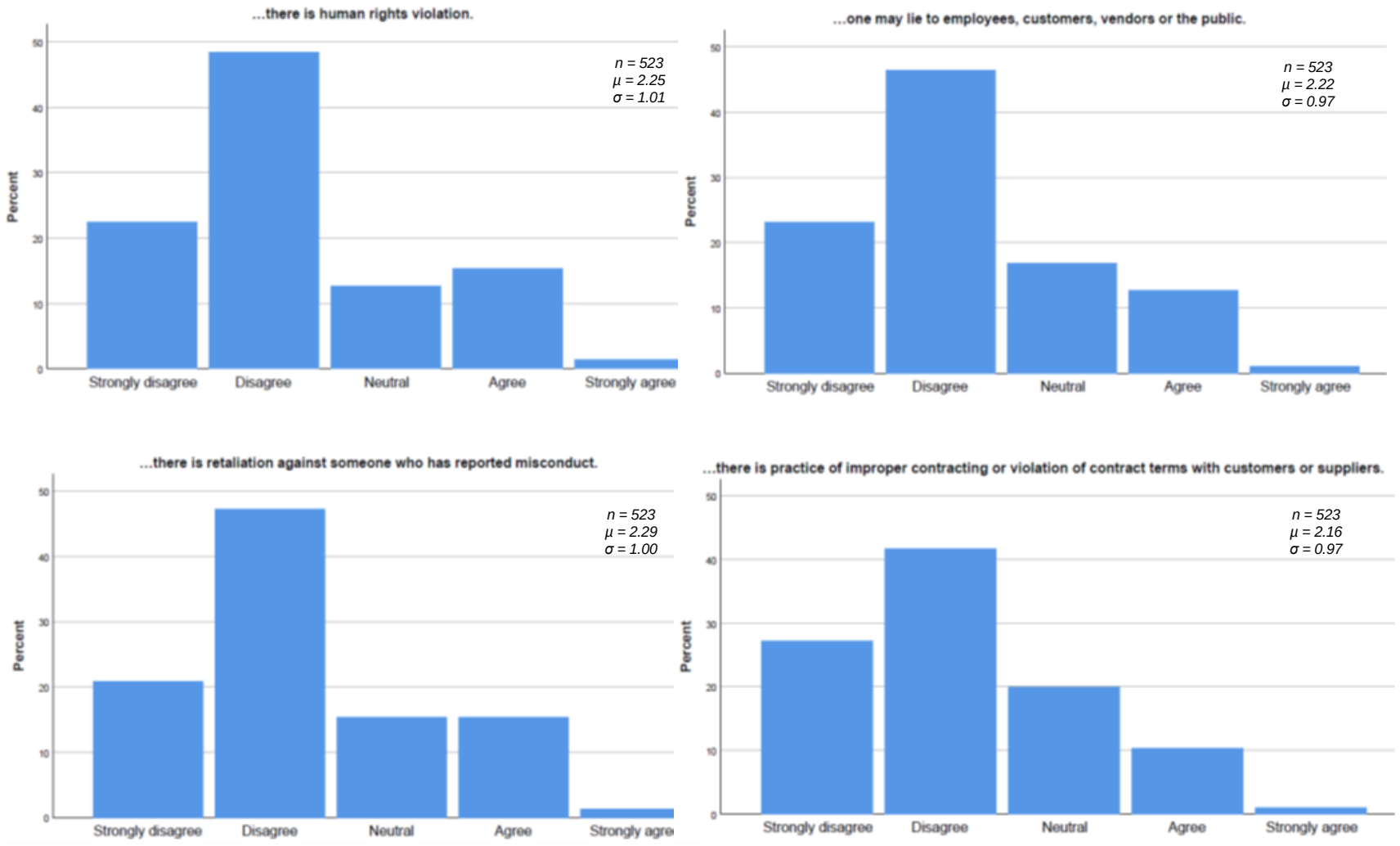
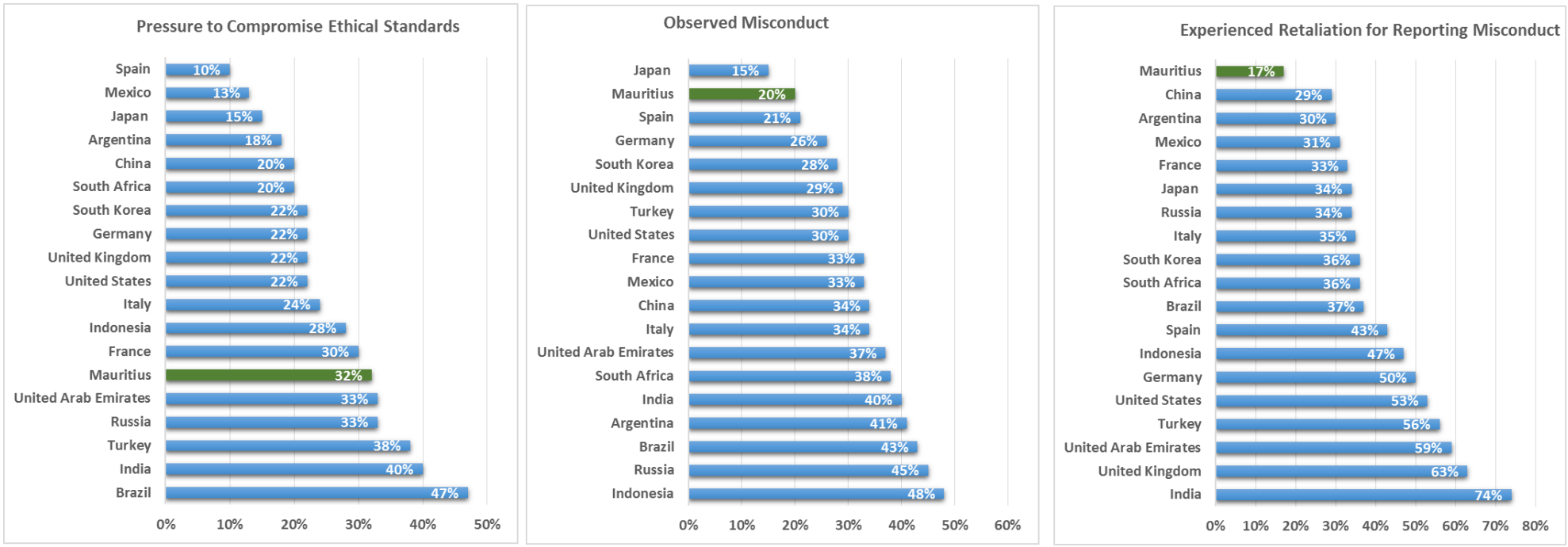


Figure 4.2: Ethical behaviour and conduct at the workplace(b)



Note. The above analysis is based on observations over a relatively longer period, that is, for the period beyond the last 12 months horizon.

When considering the analysis specifically over last 12 months period, the Pressure to Compromise Ethical Standards stood at 11%, Observed Misconduct stood at 25%, Experienced Retaliation for Reporting Misconduct stood at 7%, compared to 32%, 20% and 17% respectively for the period beyond the 12 months horizon.

Figure 4.3: Analysis of pressure to compromise ethical standards, observed misconduct and experienced retaliation in the workplace in Mauritius compared to the global findings of ECI.

Table 4.13

Analysis of responses who "agreed" or "strongly agreed" in respect of pressures

Pressure	Agree / Strongly Agree	%
…to protect the company's image.	270	52%
…to continually innovate to gain efficiency.	253	48%
…stress (time pressure) in making managerial decisions is felt.	248	47%
…to ensure financial success of the company.	246	47%
…to compromise ethical standards to win business deals.	230	44%
…shareholders/owners are interested only in profits.	226	43%
…critical economic situation is felt.	217	41%
…from powerful groups of employees to abide to their demands.	214	41%
…to progress your career for better pay and living.	211	40%
…to protect your personal/family reputation.	211	40%
…pressures from business partners are aimed to gain advantage.	198	38%
…to meet your personal financial obligations.	195	37%
…to meet the monthly business targets.	194	37%
…superiors are interested only in results and not in the way how they were achieved.	187	36%
…from clients for favourable terms otherwise there is risk to lose the business.	181	35%
…to increase profit and value for shareholders.	179	34%
…to follow and execute orders from the boss(es), at all costs, for their own self interests.	169	32%
…to keep your job.	164	31%
…unfair human resource management policies prevail.	153	29%
…it is unclear which behaviours are ethical/unethical.	153	29%
…unethical behaviour of superiors is felt.	138	26%
…to accept unethical practices to protect your job / source of income / career prospect.	137	26%
…to undertake action that may not be ethical and/or in the best interests of everybody.	135	26%
…bad (ineffective) organisation of workflow is prevalent.	123	24%
…to fulfil disproportionate demands from shareholders, board member or bosses.	111	21%
…to accept unethical practices for one's own job security.	95	18%
…to fulfil disproportionate demands from external parties such as politicians, socio-ethnic groups, related parties of company owne	91	17%
…to discriminate employees on grounds of gender, ethnic groups or other affinities.	75	14%

The Key Ethical Related Actions (KERAs) were suggested by the respondents as critical for implementation to improve the ethical behaviour, standards and practices of the organisations in general. These KERAs are provided in the Table 4.14 below in order of rank (highest to lowest), with KERAs being part of Performance Appraisal standing as the topmost measures suggested by the respondents. Despite variances in ratings amongst the 13 KERAs, on average 40% of the respondents found these KERAs to be critical for implementation to improve ethical behaviour and performance at work.

Table 4.14

Evaluation of Suggested Key Ethical Related Actions (KERAs)

What would you suggest as critical measures for implementation to promote ethical behaviour and performance at the workplace?				
Rank	**Ethical Related Actions**	**Critical to have n**	**Total n**	**Critical to Have %**
1	Promote as part Performance Appraisal	237	523	45%
2	Promote Training on Standards	221	523	42%
3	Promote Formal Process to discipline Conduct	220	523	42%
4	Culture of Virtues & Transparency	218	523	42%
5	Promote through Leaders	215	523	41%
6	Promote Writing Standards	212	523	41%
7	Promote Confidential Reporting	211	523	40%
8	Promote Ethics & Compliance	207	523	40%
9	Implement National Ethics Framework	204	523	39%
10	Promote System to Report	196	523	37%
11	Promote Ability to seek Feedback	195	523	37%
12	Promote Formal Ethics Indicator	193	523	37%
13	Promote Institutionalisation for Ethical Decision Making	191	523	37%

4.5 MODEL FIT – ASSESSMENT & ADJUSTMENT

Considering the Conceptual Research Model put forward, as depicted in Figure 4.4 below, the questionnaire was developed. It consisted of several existing scales that were previously developed and largely validated for many of the underlying constructs in previous research undertaken on the global front. The details of the scales used and the consolidated, adapted instruments were provided in Chapter 3 including the methodology that was adopted for undertaking the field work.

Given that the adopted underlying scales were already tested and validated by researchers and subject matter experts, it was deemed appropriate to undertake CFA to confirm the model fit using the collected data as an initial step.

Each construct of the macro, meso and micro layers were subject to a model fit assessment through well-defined statistical procedures. The underlying models supporting the measurement of the respective constructs (referred to as the Baseline Model in this section) were obtained and studied from a theoretical perspective. The data from the survey, post statistical screening, have been used as the basis to assess the Baseline Model fit of each macro-meso-micro construct.

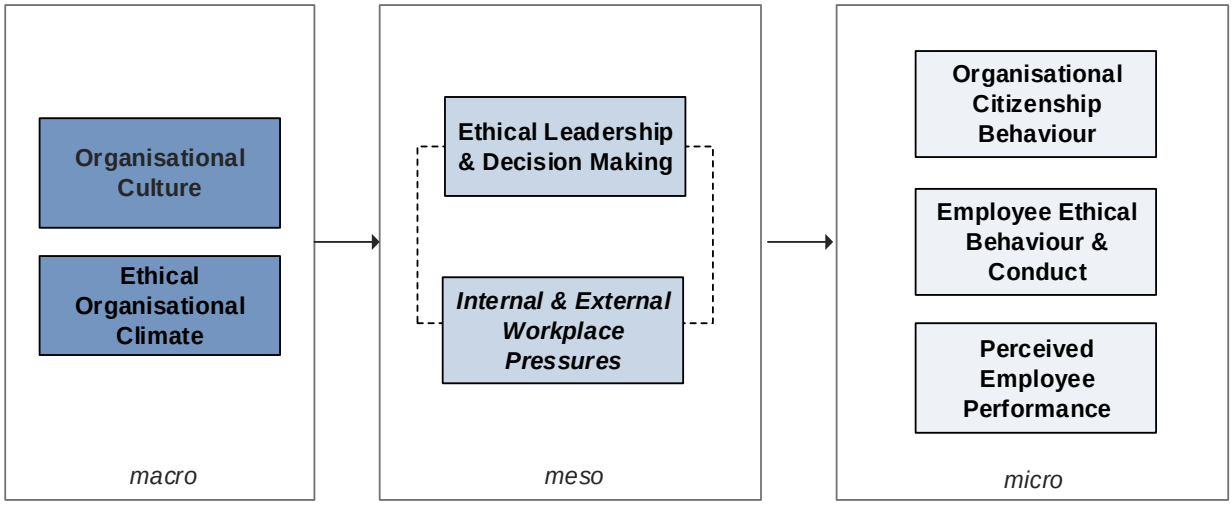


Figure 4.4: Conceptual research model for the present study

While documenting the findings in this chapter, an approach was adopted whereby the statistical strategy, procedures and tests were depicted in detail for the first construct, Organisational Culture. The set of statistical procedures applied for most of the remaining constructs are similar in nature; thus, an attempt has been made to be concise in reporting the key findings for these remaining constructs, without being repetitive in nature. However, their specificities have been presented and discussed where required. Furthermore, when reviewing the literature, it was noted that the reporting practices for CFA have been diverse, with varying approaches, levels of disclosures and bases for selection of model fit indices. This was also highlighted by various scholars and researchers, where an increased tendency in the reporting of some values of incremental fit statistics were found. Researchers furthermore selectively reporting measures of fit that support their desired model in spite of there being little or no supporting statistical evidence (Jackson, Gillaspy & Purc-Stephenson, 2009). Therefore, to embrace an unbiased approach in reporting standards, a strategy was also adopted for the selection and application of a consistent methodology and fit indices from the start to the end, irrespective of the outcomes of the findings from the data set (Matsunaga, 2011).

4.5.1 CFA – Baseline Model (Construct: Organisational Culture)

The first construct of the macro layer of the Conceptual Research Model, Organisational Culture ("OC"), referred to under this section as the Baseline Model, was assessed through a structured statistical process as follows:

4.5.1.1 Step 1 – Assessing the Baseline Model Fit through CFA

A CFA was undertaken on the Baseline Model to assess the model fit for the OC construct. OC was measured through 30 items grouped under the following five factors as established from the literature review in the underlying source instrument (Sashkin & Rosenbach, 2013):

- Managing Change ("OC_MC")
- Achieving Goals ("OC_AG")
- Coordinated Teamwork ("OC_CT")
- Customer Orientation ("OC_CO")

- Culture Strength (“OC_CS”)

Maximum Likelihood Estimates (“MLE”) was used, which is a commonly employed estimation method in structural equation modelling.

Standardized loadings were computed as they are needed for the computation of discriminant validity and reliability estimates. Furthermore, standardised regression weights (the individual standardised factor loadings) were also computed for assessment of the construct validity between the latent factors and items against reference threshold values (Hair et al., 2014, p.632).

Factor correlations were computed for the latent factors and assessed accordingly. Implied correlations, residual covariances and standardized residual covariances matrices were also produced and examined for the OC construct. The main objective of this was to use these statistical outputs when examining the validity, reliability and model fit aspects through CFA.

Various model fit indices exist to evaluate a model, each having its own merits and limitations, however, researchers seem to agree that multiple criteria should be used to comprehensively test the model. This will enable one to confidently claim that the model represents the latent factor structure underlying the data (Hu and Bentler, 1999).

The computed results of the various indicators that could be used to assess the model fit under CFA are provided in Table 4.15 on page 228. However, for consistent assessment of model fit, a combination of indices were applied using CMIN/df, RMSEA, CFI and SRM (Matsunaga, 2011).

Table 4.15

CFA Model Fit Indicators

CMIN [a]	Df [b]	CMIN/df [c]	GFI [d]	NFI [e]	TLI [f]	CFI [g]	RMSEA [h]	SRMR [i]
2304.77	395	5.835	0.702	0.686	0.695	0.723	0.096	0.095

Note. p < .001

[a] CMIN : Chi-square equivalent in Confirmatory Factor Analysis
[b] Df : Degree of Freedom
[c] CMIN/df: Chi-square/Degree of Freedom
[d] GFI : Goodness of Fit Index
[e] NFI : Normed Fit Index
[f] TLI : Tucker-Lewis Index
[g] CFI : Comparative Fit Index
[h] RMSEA: Root Mean Square Error of Approximation
[i] SRMR : Standardized Root Mean Square Residual

The initial results indicate a poor fit as characterised by the following indicators:

- CMIN/df: The CMIN/df, being the Chi-square equivalent in CFA, shows the measure of association between the row and column categories. The CMIN/df for the given degrees of freedom was > 5.00. Awang (2012) suggests that CMIN/df should be < 5.00 to indicate a level of acceptance.
- RMSEA: RMSEA estimates the amount of error of approximation per model degree of freedom and considering the sample size. The RMSEA was .096 (moderate). Hu and Bentler (1999) suggest that the RMSEA should be < .08 to indicate an acceptable fit.
- CFI: The CFI, analyses the model fit by examining the discrepancy between the data and the hypothesized model. The CFI was .723. For an acceptable fit, the CFI should be > .90 (Awang, 2012; Hair et al., 2014). The same also applies for the TLI.
- SRMR: The SRMR is one of the most widely used residual-based index showing the average value of the standardised residuals between observed and predicted covariances. The SRMR was .095. Hu and Bentler (1999) suggests that the SRMR should be < .10 to indicate an acceptable threshold.

The computed indicators for the assessment of the construct reliability and discriminant validity are shown in Table 4.16 on page 229:

Table 4.16

CFA Model – Reliability & Validity

	CR [a]	AVE [b]	MSV [c]	MaxR(H) [d]	OC_CO	OC_MC	OC_AG	OC_CT	OC_CS
OC_CO	0.642	0.332	1.109	0.776	**0.576**				
OC_MC	0.456	0.234	1.232	0.849	0.974	**0.483**			
OC_AG	0.511	0.284	1.232	0.895	1.020	1.110	**0.533**		
OC_CT	0.677	0.316	1.115	0.924	0.982	1.000	1.025	**0.562**	
OC_CS	0.705	0.363	1.175	0.941	1.053	1.084	1.075	1.056	**0.602**

Note.
[a] CR : Construct Reliability
[b] AVE : Average Variance Extracted
[c] MSV : Maximum Shared Variance
[d] MaxR(H) : McDonald Construct Reliability

The initial results also indicate a lack of reliability and discriminant validity as characterised below:

- Discriminant validity issues were observed for all the five factors with their corresponding AVEs. AVE is commonly used to assess convergent validity where AVE should be > .50. The AVEs were less than the MSVs. To ensure discriminant validity, Hair (2014) suggests that the MSV should be less than the AVE, and the SQRT(AVE) should be greater than the inter-construct correlations. Whilst the AVE measures the amount of variance captured by the OC construct in relation to the amount of variance due to measurement error, the MSV measures the maximum amount of variance of the two variables that tend to overlap.
- As regards reliability, the CRs for OC_CO, OC_MC, OC_AG and OC_CT were less than .70. Hair (2014) suggests that the CR should be > .70 to confirm construct reliability.

In light of these results it was deemed appropriate to use Harman's Single Factor test to ascertain whether the model is a single-factor model.

4.5.1.2 Step 2 – Identifying Common Method Variance

Harman's Single Factor test is regarded as the commonly used technique by researchers to address the issue of common method variance. As opposed to the original factor structure of five sub-structures, this test is used to identify common method variance and determine whether a single factor emerges from the factor

analysis or one general factor which can account for the majority of the covariance among the measures (Podsakoff et al., 2003). The general rule is that if a substantial amount of common method variance is present, then either a single factor will come out or a general factor will account for most of the covariance.

The Harman's Single Factor test was conducted on the 30 items measuring OC, and a correlation matrix was generated containing the correlation coefficients of the 30 items. The Kaiser-Meyer-Olkin ("KMO") Measure of Sampling Adequacy determines if responses given with the sample are adequate or not for factor analysis while Bartlett's Test of Sphericity is another indication of the strength of the relationship among the variables. Both of these were computed:

Table 4.17

KMO & Bartlett's Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.931
Bartlett's Test of Sphericity	Approx. Chi-Square	7184.544
	df	435
	Sig.	0.000

Note. $p < .001$

According to Kaiser (1974), the KMO recommends .50 as the minimum (barely accepted), values between .70 and .80 as acceptable, and values above .90 as excellent. Looking at the Table 4.17, the KMO measure is .931 reflecting a strong adequacy level of the sample for factor analysis.

The Bartlett's Test of Sphericity tests the null hypothesis that the correlation matrix is an identity matrix. From Table 4.17, it is noted that the significance of Bartlett's Test of Sphericity is less than .05, which is small enough to reject the null hypothesis. This means that the correlation matrix is not considered to be an identity matrix. In other words, the statistical significance indicates that there is a structure within the observed correlation matrix and therefore would be appropriate for an assessment using Principal Component Analysis.

Next, a table of Communalities is generated showing how much of variance in the 30 OC variables has been accounted for by the extracted factors, using Principal Component Analysis as extraction method.

The Extraction Sums of Squared Loadings % of Variance is next computed to show the percent of variance attributable to each factor after extraction. This value is of significance at this stage as it indicates whether there is a single or multi-factor model. A result of 33.5% (Extraction Sums of Squared Loadings % of Variance) is obtained for one component extracted, indicating that there would be other factor(s) accounting for the remaining variances.

The results from the Harman's Single Factor test conducted on OC variables suggest a multi-factor model, hence the process of effecting the model fit adjustments was progressed.

4.5.1.3 Step 3 – Adjusting the Baseline Model (CFA Adjusted Model)

It was thus established through the assessment fit indicators that the initial Baseline Model for OC demonstrates a poor fit, and that the subsequent Harman's test result suggests a multi-factor model. It was thus deemed appropriate to adjust the Baseline Model with a view to obtain an acceptable model fit.

Modification indices were thus considered as they suggest that some remedial measures can be applied to address discrepancies between the Baseline Model and the estimated model. This is provided there is a theoretical justification underpinning such modifications, rather than it being applied as a rule. The modification indices for covariances between items shall be considered, where they can be substantiated by theory. The literature suggests that one should not covary error terms with latent variables, or with other error terms not forming part of the same factor (Hair et al., 2014). The sequence is to also address the largest modification indices first.

The following model modification procedure was thus undertaken:

- Covary error terms that are part of the same factor (where modification indices > 50). A large modification index suggests that model fit would be improved if an item is allowed to load on additional factors. In other words, it shows that the item in question represents the influence of multiple factors and is therefore a poor indicator of its intended factor (Dewe et al., 2003).

- Assess and remove items with significant standardised residual covariances (where > 2.58) as a large value would indicate that the covariance is not well explained by the model (Schumacker & Lomax, 2004); and
- Assess and remove items with low loadings, i.e., retain only such items considered as having an important influence on the variable under study.

It was noted that the above process led to an improved fit. CMIN/df improved from 5.835 to 5.458, CFI from .723 to .893, RMSEA from .096 to .092, SRMR from .095 to .048. However, this was still not acceptable as is shown in Table 4.18 below. The lack of discriminant validity remained problematic despite the selective model fit adjustments whereby the AVEs of the five latest constructs were less than their corresponding MSVs.

Table 4.18

Fit Indicators of adjusted model and reliability & validity

CMIN	df	CMIN/df	GFI	AGFI	NFI	TLI	CFI	RMSEA	PCLOSE	SRMR	AIC	BIC
594.97	109	5.458	0.873	0.821	0.873	0.867	0.893	0.092	0.000	0.048	683.0	870.4

	CR	AVE	MSV	MaxR(H)	OC_CO	OC_MC	OC_AG	OC_CT	OC_CS
OC_CO	0.744	0.492	1.075	0.746	**0.701**				
OC_MC	0.568	0.398	1.186	0.811	0.976	**0.631**			
OC_AG	0.706	0.446	1.098	0.872	0.954	1.047	**0.668**		
OC_CT	0.774	0.464	1.124	0.913	0.995	1.034	1.017	**0.681**	
OC_CS	0.788	0.426	1.186	0.934	1.037	1.089	1.048	1.060	**0.653**

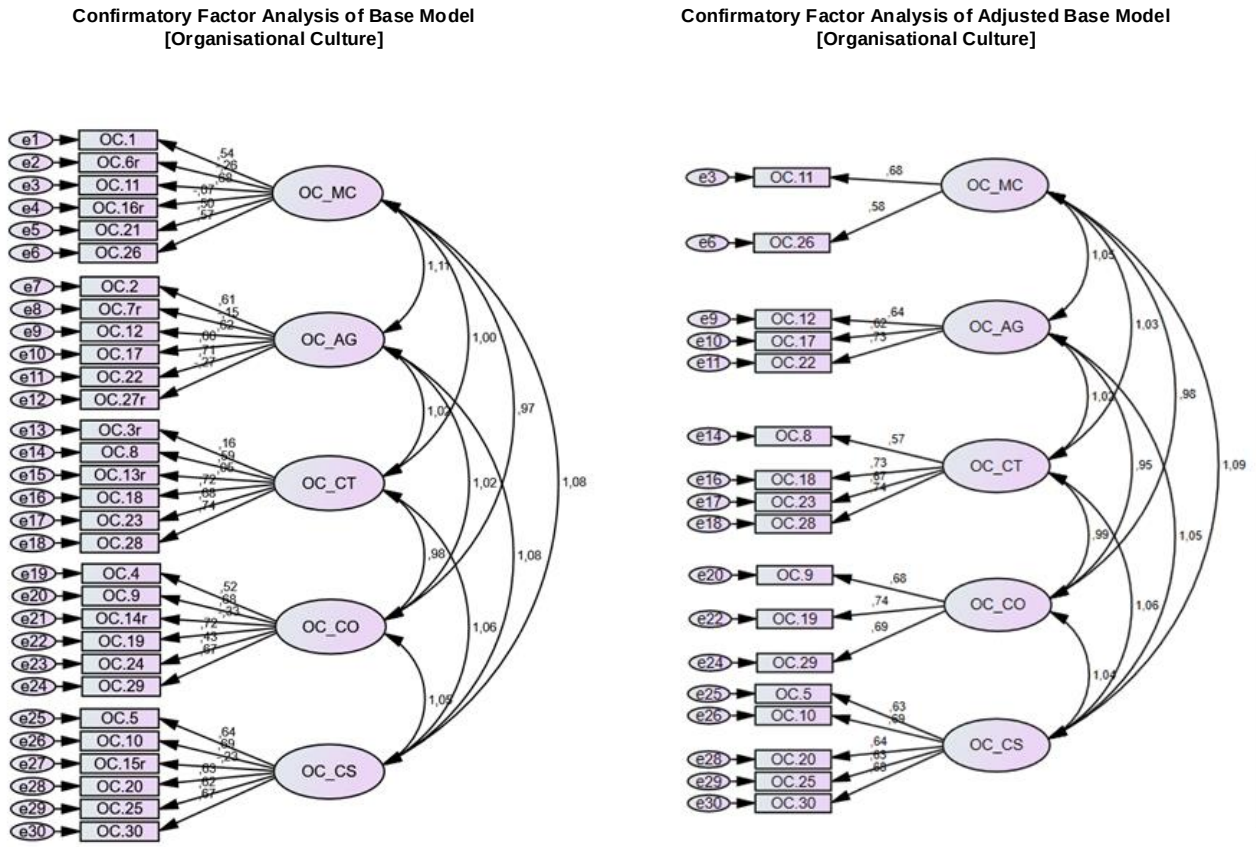


Figure 4.4(a) – Comparison of the CFA base model and the CFA adjusted base model for OC construct

In light of the above outcomes, it was thus deemed appropriate to conduct an Exploratory Factor Analysis ("EFA") so as to propose a new measurement model that can be defended on theoretical grounds.

4.5.1.4 Step 4 – Conducting EFA for New Theory Building

The use of the EFA in particular is crucial at this stage. This will help to identify the set of latent or unobserved factors that reconstruct the complexity of the underlying observed data into a model that retains the essential information from the underlying data whilst discarding the redundant items. In particular, individual item validity and the covariances between constructs under study or related constructs will be retained whilst information affected by sampling and measurement errors will be removed (Matsunaga, 2011). In other words, the main underlying objective is to explore the

latent factors that best represent the variations and interrelationships of the underlying observed items with a view to potentially generate a new theory that will be subject to another round of theory testing using CFA (Henson & Roberts, 2006).

The following procedure was thus undertaken to conduct the EFA:

(a) A factor extraction process was effected using Principal Axis Factoring as an extraction method and Promax as a rotation method. The preliminary runs suggested a multi-factor model (five constructs holding eigenvalues > 1 and with cumulated Extraction Sums of Squared Loadings of 47.8%). The corresponding factor matrix (five factors generated through 11 iterations), the pattern matrix (rotation converged in six iterations) and the structure matrix and factor correlation matrix were generated and assessed.

(b) Four items emerged with low communalities (< .30) namely OC.3r, OC.7r, OC.13r and OC.16r. These items were excluded.

(c) Another four items with high cross-loadings (diff < .20) were excluded namely OC.5, OC.23, OC.29 OC.30

(d) Seven items with low loadings (< .50) were removed to obtain an improved average loading of > .6. As such, items OC.8, OC.17, OC.18, OC.19, OC.20 OC.21 and OC.22 were removed.

The key resulting outputs of the factor analysis following the required procedures of being run recursively, and are presented in Table 4.19 on page 235 of the thesis:

Table 4.19

Communalities (EFA – OC Construct)

	Initial	Extraction
OC.1 …people are flexible and adaptable when changes are necessary.	0.419	0.371
OC.2 …individuals and teams have clearly defined goals that relate to the goals and mission of the business.	0.515	0.528
OC.4 …highest priority and support are given to meeting the needs of clients and customers and to solving their problems.	0.311	0.323
OC.6r …people feel that most change is the result of pressures imposed from higher up in the organisation. [R]	0.233	0.290
OC.9 …the policies and procedures help providing the service the customers want and need.	0.497	0.522
OC.10 …everyone knows and understands the business objectives and priorities.	0.610	0.606
OC.11 …people have a clear idea of why and how to proceed throughout the process of change.	0.562	0.562
OC.12 …individuals and teams are measured and rewarded according to how well goals are achieved.	0.474	0.475
OC.14r …people often see customer and client problems as someone else's responsibility. [R]	0.377	0.435
OC.15r …people sometimes compromise company policies or principles to reach operational goals. [R]	0.413	0.607
OC.24 …employees who do the best job of serving customers are more likely than other employees to be recognised or rewarded.	0.358	0.393
OC.25 …people have access to timely and accurate information about what's really happening in the organisation and why.	0.485	0.545
OC.26 …people believe that their concerns and anxieties during periods of change are heard and taken into consideration.	0.430	0.459
OC.27r …individuals, teams, and functional areas often have incompatible goals. [R]	0.396	0.510
OC.28 …managers at all levels work together as a team to achieve results for the organisation.	0.495	0.568

Note. Extraction Method: Principal Axis Factoring.

Table 4.19 presents the extracted communalities showing the extent to which an item correlates with all items. Most of the items with low communalities (< .30) were removed. There is one border line case (OC.6r) which will be further examined in light of the pattern matrix prior to any action on this item as it may still load well onto a properly defined factor.

Table 4.20

Total Variance Explained (EFA – OC Construct)

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
Factor	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**	**Total**
1	5.401	36.005	36.005	4.901	32.670	32.670	4.144
2	2.049	13.659	49.665	1.546	10.309	42.979	3.947
3	1.287	8.579	58.244	0.746	4.975	47.954	2.304
4	0.884	5.891	64.135				
5	0.736	4.904	69.039				
6	0.707	4.714	73.753				
7	0.669	4.457	78.210				
8	0.551	3.673	81.883				
9	0.518	3.456	85.339				
10	0.443	2.952	88.291				
11	0.432	2.878	91.169				
12	0.377	2.517	93.685				
13	0.352	2.344	96.029				
14	0.332	2.214	98.244				
15	0.263	1.756	100.000				

Note. Extraction Method: Principal Axis Factoring.

Principal Axis Factoring was used as the Extraction Method. Three factors have been identified with eigenvalues > 1.0, accounting for 47.9% of the total variances as shown in the Table above.

Table 4.21

Pattern Matrix[a] (EFA – OC Construct)

	Factor			
	1	2	3	Average
OC.2 …individuals and teams have clearly defined goals that relate to the goals and mission of the business.	0.782			
OC.9 …the policies and procedures help providing the service the customers want and need.	0.687			
OC.10 …everyone knows and understands the business objectives and priorities.	0.671			
OC.1 …people are flexible and adaptable when changes are necessary.	0.647			
OC.11 …people have a clear idea of why and how to proceed throughout the process of change.	0.624			
OC.4 …highest priority and support are given to meeting the needs of clients and customers and to solving their problems.	0.575			0.66
OC.25 …people have access to timely and accurate information about what's really happening in the organisation and why.		0.727		
OC.26 …people believe that their concerns and anxieties during periods of change are heard and taken into consideration.		0.686		
OC.24 …employees who do the best job of serving customers are more likely than other employees to be recognised or rewarded.		0.624		
OC.28 …managers at all levels work together as a team to achieve results for the organisation.	0.311	0.560		
OC.12 …individuals and teams are measured and rewarded according to how well goals are achieved.		0.524		0.62
OC.15r …people sometimes compromise company policies or principles to reach operational goals. [R]			0.803	
OC.27r …individuals, teams, and functional areas often have incompatible goals. [R]	0.209	-0.290	0.608	
OC.14r …people often see customer and client problems as someone else's responsibility. [R]			0.591	
OC.6r …people feel that most change is the result of pressures imposed from higher up in the organisation. [R]			0.525	0.63

Note. Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.
Values > .20 being reported
a. Rotation converged in 6 iterations.

Using Promax with the Kaiser Normalisation as the rotation method, the above pattern matrix table was generated, with coefficients for the linear combination of the variables. Basically, each row of the pattern matrix represents a regression equation, where the standardized observed variable/item is expressed as a function of the factors. In other words, it contains partial standardised regression coefficients of each item with a particular factor. It enables identification of the patterns of the items with their most suitably factors, based on their loadings. The square of the loadings represents the contribution of the factor to the variance of the item by excluding the overlap between correlated factors. An average loading was also computed for the

respective clusters and found to be > .60, thereby proving acceptable support for the underlying pattern structure.

A structure matrix, representing the simple correlations (zero-order) between the respective items and the factors was also generated as shown below:

Table 4.22

Structure Matrix (EFA – OC Construct)

	Factor		
	1	**2**	**3**
OC.10 …everyone knows and understands the business objectives and priorities.	0.767	0.564	
OC.11 …people have a clear idea of why and how to proceed throughout the process of change.	0.735	0.569	-0.220
OC.2 …individuals and teams have clearly defined goals that relate to the goals and mission of the business.	0.722	0.390	
OC.9 …the policies and procedures help providing the service the customers want and need.	0.721	0.481	
OC.1 …people are flexible and adaptable when changes are necessary.	0.601	0.334	
OC.4 …highest priority and support are given to meeting the needs of clients and customers and to solving their problems.	0.562	0.343	
OC.25 …people have access to timely and accurate information about what's really happening in the organisation and why.	0.486	0.736	-0.243
OC.28 …managers at all levels work together as a team to achieve results for the organisation.	0.631	0.699	
OC.26 …people believe that their concerns and anxieties during periods of change are heard and taken into consideration.	0.416	0.678	-0.256
OC.12 …individuals and teams are measured and rewarded according to how well goals are achieved.	0.528	0.670	-0.316
OC.24 …employees who do the best job of serving customers are more likely than other employees to be recognised or rewarded.	0.259	0.591	-0.383
OC.15r …people sometimes compromise company policies or principles to reach operational goals. [R]		-0.249	0.773
OC.27r …individuals, teams, and functional areas often have incompatible goals. [R]		-0.397	0.680
OC.14r …people often see customer and client problems as someone else's responsibility. [R]	-0.237	-0.375	0.645
OC.6r …people feel that most change is the result of pressures imposed from higher up in the organisation. [R]	-0.221	-0.210	0.518

Note. Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.

Whilst examining the structure matrix, it was noted that some items are strongly correlated with certain specific factors, while others are not. For instance, items OC.1, OC.2, OC.4, OC.9, OC.10 and OC.11 load highly on Factor 1 compared to Factor 2. The above structure also enables to identification of cross-loadings of certain items onto more than one factor.

A factor correlation matrix was then generated for the OC construct to determine the strength of relationships between the extracted latent factors as shown below.

Table 4.23

Factor Correlation Matrix (EFA – OC Construct)

Factor	1	2	3
1	1.000	0.620	-0.193
2	0.620	1.000	-0.390
3	-0.193	-0.390	1.000

Note. Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.

A three-factor model has been identified through the EFA process which will be subject to an assessment on theoretical grounds. The model derived from the EFA was assessed for model fit through CFA, and the results indicated a reasonable fit (though some modifications can further improve the model) as shown below:

Table 4.24

Model Fit Indicators, Reliability & Validity (EFA Baseline Model – OC Construct)

CMIN	df	CMIN/df	GFI	AGFI	NFI	TLI	CFI	RMSEA	PCLOSE	SRMR	AIC	BIC
462.09	87	5.311	0.894	0.854	0.850	0.847	0.874	0.091	0.000	0.063	528.1	668.7

Note. P < .001

	CR	AVE	MSV	MaxR(H)	OC_FacB	OC_FacA	OC_FacC
OC_FacB	0.804	0.454	0.579	0.814	**0.674**		
OC_FacA	0.839	0.471	0.579	0.913	0.761	**0.686**	
OC_FacC	0.751	0.434	0.196	0.933	-0.443	-0.298	**0.659**

4.5.1.5 Step 5 – CFA Adjusted Model

To improve the three factor model generated through the EFA, further adjustments were done, and the revised model was subjected to a final assessment through CFA to determine the adjusted model fit.

The same process was followed of covarying error terms that are part of the same factor, where modification indices are greater than 50. An assessment and removal of items with significant standardised residual variances greater than 2.58 and those items with low loadings were effected.

These adjustments improved the three-factor model from a reasonable to an acceptable fit, as shown and discussed below:

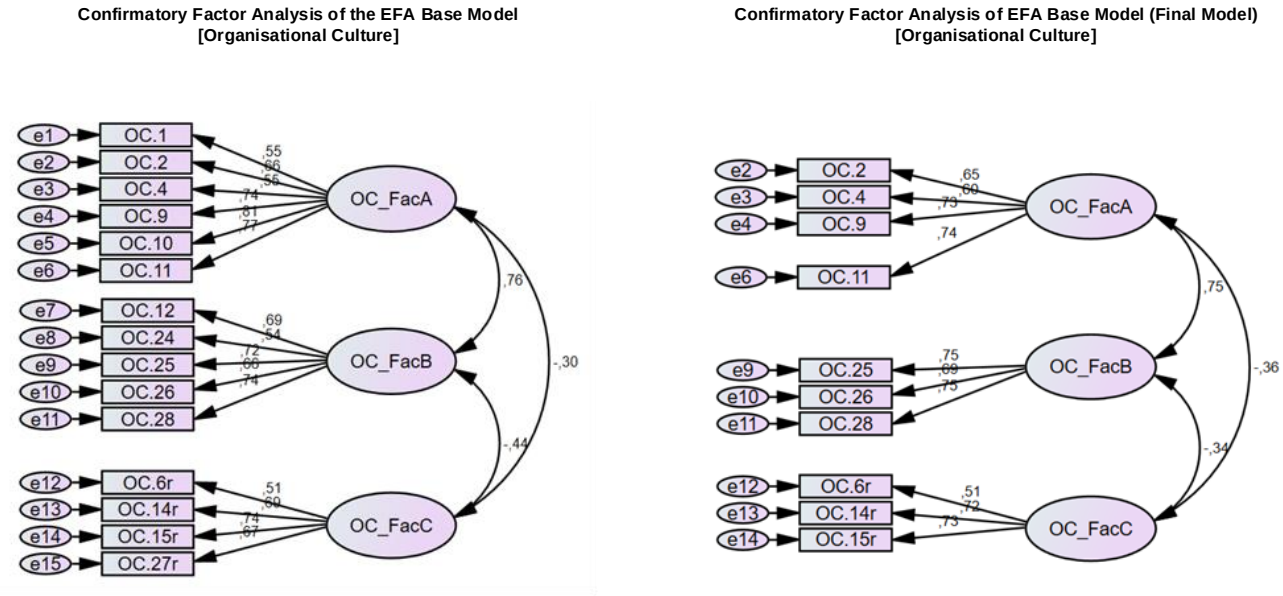


Figure 4.5. Comparison of CFA of the EFA base model and CFA of adjusted EFA base model for OC construct.

Table 4.25

Evolution of Model Fit Indicators and Validity & Reliability Indicators & Factor Structure of Final Model [OC - Construct]

Model Fit Comparison	CMIN	df	P-value	CMIN/df	GFI	AGFI	NFI	TLI	CFI	RMSEA	PCLOSE	SRMR	AIC	BIC
CFA of the EFA Base Model	462.09	87	0.000	5.311	0.894	0.854	0.850	0.847	0.874	0.091	0.000	0.063	528.1	668.7
CFA of Adjusted EFA Base Model	93.29	32	0.000	2.915	0.966	0.942	0.940	0.943	0.960	0.061	0.105	0.042	139.3	237.3

CFA of the EFA Base Model (Validity & Reliability Indicators)

	CR	AVE	MSV	MaxR(H)	OC_FacB	OC_FacA	OC_FacC
OC_FacB	0.804	0.454	0.579	0.814	**0.674**		
OC_FacA	0.839	0.471	0.579	0.913	0.761	**0.686**	
OC_FacC	0.751	0.434	0.196	0.933	-0.443	-0.298	**0.659**

CFA of Adjusted EFA Base Model (Validity & Reliability Indicators)

	CR	AVE	MSV	MaxR(H)	OC_FacB	OC_FacA	OC_FacC
OC_FacB	0.773	0.533	0.558	0.776	**0.730**		
OC_FacA	0.773	0.462	0.558	0.876	0.747	**0.679**	
OC_FacC	0.694	0.437	0.127	0.906	-0.340	-0.356	**0.661**

Final CFA Adjusted EFA Base Model: Items & Factors for the OC Construct	Factor 1	Factor 2	Factor 3
OC.2 …individuals and teams have clearly defined goals that relate to the goals and mission of the business.	**Achieving Business Goals (OC_FacA)**		
OC.4 …highest priority and support are given to meeting the needs of clients and customers and to solving their problems.			
OC.9 …the policies and procedures help providing the service the customers want and need.			
OC.11 …people have a clear idea of why and how to proceed throughout the process of change.			
OC.25 …people have access to timely and accurate information about what's really happening in the organisation and why.		**People Consideration (OC_FacB)**	
OC.26 …people believe that their concerns and anxieties during periods of change are heard and taken into consideration.			
OC.28 …managers at all levels work together as a team to achieve results for the organisation.			
OC.6r …people feel that most change is the result of pressures imposed from higher up in the organisation. [R]			**Work Ethics (OC_FacC)**
OC.15r …people sometimes compromise company policies or principles to reach operational goals. [R]			
OC.14r …people often see customer and client problems as someone else's responsibility. [R]			

4.5.1.6 Step 6 - Key observations on the assessment of the OC Construct

(a) 15 items initially emerged as having acceptable loadings (between .51 and .81) under a three-factor model generated through the EFA process. The CMIN/df remained > 3.00, RMSEA > .05, CFI slightly below .90 and SRMR < .09.

(b) Following the model adjustments, the 3-factor model was refined with 10 items holding acceptable loadings (between .51 and .79), but with much improved model fit indicators. CMIN/df reduced to 2.915 (threshold: < 5.00), RMSEA improved from .091 to .061 (threshold: < .08), CFI improved to above .90 threshold (result: .960), SRMR improved to .042 (threshold: < .10). TLI was above the .90 threshold (result: .943) and GFI was also above the .90 threshold (result: .966).

The CFA of the Adjusted EFA Base Model shows an acceptable to excellent fit (the final results have been mapped in the respective cells as highlighted in the table below):

Table 4.26

Model Fit Indices

	CMIN/df	GFI	NFI	TLI	CFI	RMSEA	SRMR
Poor	>5	<0.90	<0.90	<0.90	<0.90	>0.08	>0.10
Acceptable	3-5	>0.90	>0,90	>0,90	0.90-0.95	0.06-0.08	0.08-0.10
Excellent	<3	>0.95	>0.95	>0.95	>0.95	<0.06	<0.08
Fit type	Absolute	Absolute	Incremental	Incremental	Incremental	Absolute	Absolute

Note. Sources: Hair et al. (2014), Awang (2012), Hu & Bentler (1999), Schumacker & Lomax (2010)

(c) The factor structure emerging from the present study was assessed from a theoretical perspective with the studies and factor structures of Sashkin and Rosenbach (2013), Denison (1990) and Cameron and Quinn (1999, 2006). Table 4.27 on page 243 of the thesis shows how the various latent components of the respective studies have been mapped and compared. Whilst examining the items loaded in the factor structure of the present study and considering the aforementioned theoretical perspectives, the three factors that emerged from the present study have been labelled as follows:

- Factor 1: OC_FacA → Achieving Business Goals
- Factor 2: OC_FacB → People Consideration
- Factor 3: OC_FacC → Work Ethics

Table 4.27

Mapping of Confirmed Factors – A theoretical perspective (OC)

Component	Sashkin & Rosenbach (2013)	Denison (1990)	Cameron & Quinn (1999, 2006)	The Present Study
1	Managing Change	Adaptability (Creating Change)		
2	Achieving Goals	Mission (Goals & Objective)	Market (Results Oriented)	Achieving Business Goals
3	Coordinated Teamwork	Involvement (Team Orientation)	Clan (Collaborative)	People Consideration
4	Customer Orientation	Adaptability (Customer focus)	Market (External focus)	
5	Culture Strength			
6		Consistency (Core Values)		
7			Hierarchy (Structured)	
8			Adhocracy (Dynamic)	
9				Work Ethics

(d) Out of the three factors extracted from the present study, two of them (Achieving Business Goals and People Consideration) were common to the studies undertaken by the other researchers. However, the set of items loaded onto OC.FacC seem to be very particular to the local context. Examining the items (OC.6r, OC.14r and OC.15r) through face validity, reveals that they tend to point towards an all-encompassing latent factor with ethical, compliance and dutiful traits exemplified through the attributes of Work Ethics. In other words, it characterises the employees' perceptions of the organisation climate, how they respond to and treat ethical related work issues and their participation in addressing business issues (Bahcecik & Oztürk, 2003).

(e) Though the model has materially improved from the initial baseline model to an acceptable fit, there are still some discriminant validity issues in the final CFA

model between OC_FacA and OC_FacB. In this particular context, it is deemed appropriate to choose one factor as a proxy of the OC construct measure. Based on the theoretical assessment and the above results, the use of OC_FacA has been selected as a proxy of the construct measure and for computation of the score. OC_FacA loads with four items and represents “Achieving Business Goals” from a theoretical perspective. The use of the proxy is not meant to generalise an observation on a particular construct but rather for specifically measuring the indirect effects in the mediation model.

4.5.2 CFA – Baseline Model (Construct: Ethical Organisational Climate)

The second construct of the macro layer of the Conceptual Research Model, Ethical Organisational Climate (“EOC”), referred to here under this section as the Baseline Model, was also subject to a comprehensive and structured statistical process and strategy, similar to that undertaken for the earlier construct. The objective of this section is to present the results of the CFA conducted on the EOC in a concise format whilst highlighting the critical findings that emerged from the statistical procedures and tests.

4.5.2.1 Assessing the Baseline Model Fit through CFA

A CFA was undertaken on the Baseline Model to assess the model fit for the EOC construct using the data gathered through the survey. EOC was measured through the 36 items of Victor and Cullen (1988) grouped under nine factors namely:

- Benevolence-Cosmopolitan: Social Responsibility (“EOC_BC_SR”)
- Benevolence-Individual: Friendship (“EOC_BI_F”)
- Benevolence-Local: Team Interest (“EOC_BL_TI”)
- Egoism-Cosmopolitan: Efficiency (“EOC_EC_E”)
- Egoism-Individual: Self Interest (“EOC_EI_SI”)
- Egoism-Local: Company Profit (“EOC_EL_CP”)
- Principle-Cosmopolitan: Laws, Professional Codes (“EOC_PC_LPC”)
- Principle-Individual: Personal Morality (“EOC_PI_PM”)
- Principle-Local: Rules, Standards, Operating Procedures (“EOC_PL_RSOP”)

The initial results of the CFA indicate a poor fit. The CMIN/df was 6.073 (threshold limit being < 5.00 to indicate as acceptable level), RMSEA was .099 (threshold limit being < .08 to indicate a good fit), CFI was .785 and TLI was .757 (both indicators should be > .90 to demonstrate as acceptable fit), and SRMR was .088 within the threshold limit of < .10.

Furthermore, discriminant validity issues were noted for all the factors of the Baseline Model of EOC, whereby the respective AVEs were less than their corresponding MSVs. Convergent validity issues were also noted for EOC_PI_PM, EOC_EL_CP and EOC_EL_SI whereby their respective AVEs were less than .50. The CRs for EOC_PI_PM and EOC_EL_SI were less than .70.

4.5.2.2 Identifying Common Method Variance

The Harman's Single Factor test was conducted to identify common method variance on the 36 items measuring EOC.

Correlations were computed and a correlated matrix was generated with the correlation coefficients of the 36 items. The KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity were computed as follows:

Table 4.28

KMO & Bartlett's Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.964
Bartlett's Test of Sphericity	Approx. Chi-Square	13461.418
	df	630
	Sig.	0.000

Note. $p < .001$

The KMO measure is .964 reflecting a strong adequacy level of the sample for factor analysis. From the result of the Bartlett's Test of Sphericity, it can be seen that the significance is less than .05.

A table of Communalities was generated showing how much of variance in the 36 EOC variables has been accounted for by the extracted factors, using Principal Component Analysis as the extraction method. The Extraction Sums of Squared Loadings % of Variance was also computed and a result of 45.2% was obtained for Extraction Sums of Squared Loadings % of Variance for one component extracted,

suggesting a multi-factor model for EOC, and, hence rejecting the null hypothesis. The proposed next step was to continue with model fit adjustments.

4.5.2.3 Adjusting the Baseline Model (CFA Adjusted Model)

In light of the above model fit results and a multi-factor structure being suggested, the next course of action was to adjust the Baseline Model with a view to obtain an acceptable model fit. Using the same theory-based approach as earlier, modification indices and remedial measures were considered with a view to address discrepancies between the Baseline Model and the estimated model. This included the covarying of error terms that are part of the same factor (where modification indices > 50), An assessment and removal of items with significant standardised residual covariances (where > 2.58) and those items with low loadings were also conducted.

Though the above process led to an improvement of certain model fit indicators (e.g. CFI from .785 to .832 and SRMR from .088 to .064), it was still not acceptable and continued to demonstrate a lack of discriminant validity despite the selective model fit adjustments. On the basis of these results, an EFA was required to propose a new measurement model that can be defended on theoretical grounds.

4.5.2.4 Conducting EFA

An EFA was conducted to explore the latent factors that best represent the variations and interrelationships of the underlying observed items with a view to generate a new theory that can be further assessed and confirmed through a CFA.

A factor extraction process was effected using Principal Axis Factoring as the extraction method and Promax as the rotation method. The preliminary runs suggested a multi-factor model (five constructs holding eigenvalues of > 1 and with cumulated Extraction Sums of Squared Loadings of 58.7%). The corresponding factor matrix (five factors generated through 16 iterations), pattern matrix (rotation converged in eight iterations), structure matrix and factor correlation matrix were generated and assessed.

As there were no items with low communalities (< 0.30), the original set of items were maintained. A total of 11 items were removed (namely EOC.6r, EOC.4, EOC.18, EOC.3, EOC.23, EOC.24, EOC.11, EOC.12, EOC.22, EOC.28 and EOC.36) due to high cross-loadings (diff. < 0.20).

Three items with low loadings (< 0.50), EOC.9, EOC.29 and EOC.8, were removed with an aim to obtain an average loading of > 0.60.

The statistical procedures undertaken under the EFA led to a 4-factor model emerging as depicted below:

Table 4.29

Pattern Matrix[a] *(EFA)*

	Factor			
	1	**2**	**3**	**4**
EOC.26 …it is expected that you will always do what is right for the customer and public.	0.912			
EOC.25 …each person is expected, above all, to work efficiently.	0.796			
EOC.20 …people are expected to strictly follow legal or professional standards.	0.712			
EOC.15 …everyone is expected to stick by the company rules and procedures.	0.709			
EOC.27 …people view team spirit as important.	0.699			
EOC.21 …the major consideration is what is best for everyone in the company.	0.666			
EOC.19 …the most efficient way is always the right way.	0.642			
EOC.14 …people are expected to comply with the law and professional standards over and above other considerations.	0.622		0.343	
EOC.7 …it is very important to follow strictly the company's rules and procedures.	0.553			
EOC.32 …what is best for each individual is a primary concern.		0.785		
EOC.31 …people are very concerned about what is generally best for employees.		0.760		
EOC.34 …the effect of decisions on the customer and the public are a primary concern.		0.689		
EOC.30 …people are actively concerned about the customer's and the public's interest.		0.618		
EOC.33 …people are very concerned about what is best for themselves.		0.602		0.385
EOC.35 …it is expected that each individual is cared for when making decisions.		0.540		
EOC.5 …people look out for each other's good.			0.646	
EOC.17 …people are concerned with the company's interests.			0.625	
EOC.16 …the major concern is always what is best for the other person.			0.576	
EOC.13 …the first consideration is whether a decision violates any law.			0.573	
EOC.2 …the major responsibility for people is to consider efficiency first.			0.503	
EOC.10 …people protect their own interest above other considerations.				0.687
EOC.1 …people are mostly out for themselves.				0.630

Note. Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.
[a]. Rotation converged in six iterations.

4.5.2.5 CFA Adjusted Model

The 4-factor model generated through the EFA was assessed and adjusted through CFA. With a view to improve the model fit, the same process of covarying error terms that are part of the same factor where modification indices is greater than 50, assessment and removal of items with significant standardised residual variances greater than 2.58 and those items with low loadings were undertaken. These adjustments improved the 4-factor into a 3-factor model from reasonable to acceptable fit as shown and discussed below:

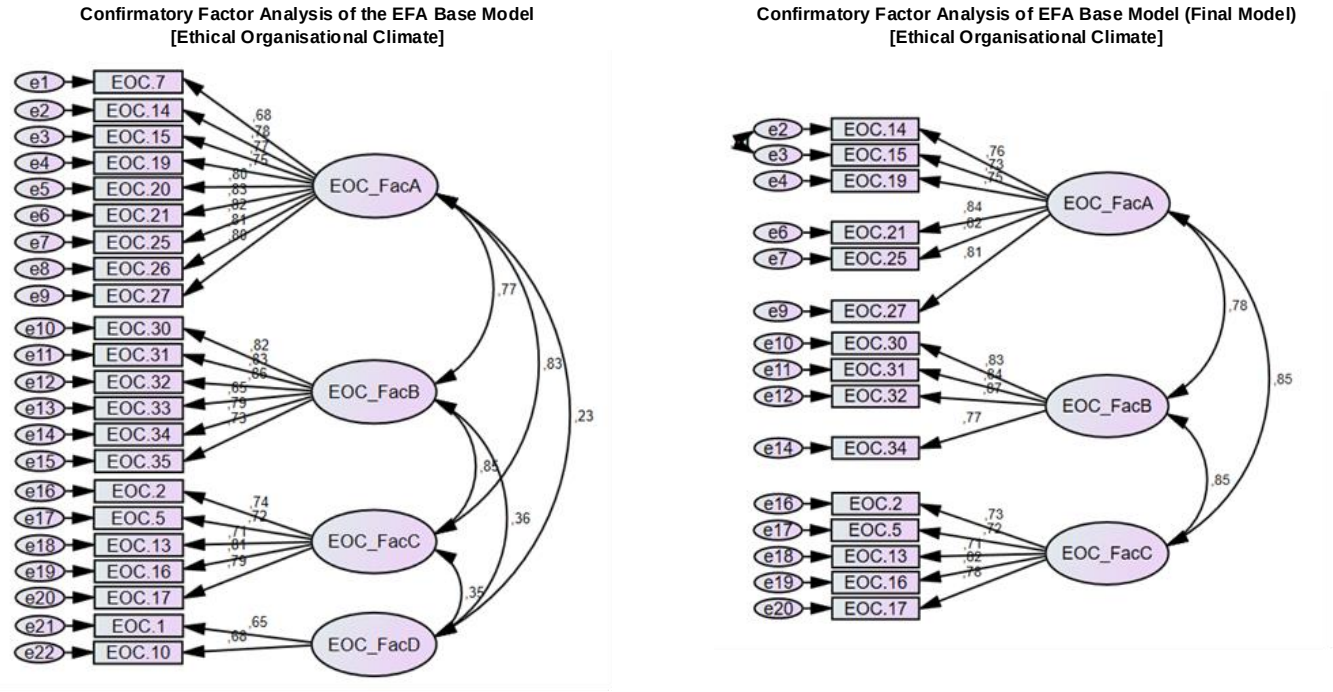


Figure 4.6 – Comparison of CFA of the EFA base model and CFA of adjusted EFA base model for EOC construct.

Table 4.30

Evolution of Model Fit Indicators and Validity & Reliability Indicators & Factor Structure of Final Model [EOC Construct]

Model Fit Process	CMIN	df	P-value	CMIN/df	GFI	AGFI	NFI	TLI	CFI	RMSEA	PCLOSE	SRMR	AIC	BIC
EOC EFA Base CFA	1007.43	204	0.000	4.938	0.846	0.808	0.877	0.885	0.899	0.087	0.000	0.059	1,105.4	1,314.1
EOC EFA Base CFA (Final)	328.29	86	0.000	3.817	0.923	0.893	0.941	0.946	0.955	0.073	0.000	0.034	396.3	541.1

CFA of the EFA Base Model
(Validity & Reliability Indicators)

	CR	AVE	MSV	MaxR(H)	EOC_FacC	EOC_FacA	EOC_FacB	EOC_FacD
EOC_FacC	0.868	0.568	0.721	0.872	**0.754**			
EOC_FacA	0.934	0.614	0.697	0.956	0.835	**0.783**		
EOC_FacB	0.906	0.617	0.721	0.970	0.849	0.773	**0.785**	
EOC_FacD	0.613	0.442	0.132	0.971	0.351	0.230	0.363	**0.665**

CFA of the EFA Base Model
(Validity & Reliability Indicators) - Final

	CR	AVE	MSV	MaxR(H)	EOC_FacB	EOC_FacA	EOC_FacC
EOC_FacB	0.898	0.687	0.717	0.902	**0.829**		
EOC_FacA	0.905	0.615	0.716	0.951	0.780	**0.784**	
EOC_FacC	0.868	0.568	0.717	0.963	0.847	0.846	**0.754**

Table 4.31

Items & Factors of EOC

Final CFA Adjusted EFA Base Model: Items & Factors for the EOC Construct	**Factor 1**	**Factor 2**	**Factor 3**
EOC.14 …people are expected to comply with the law and professional standards over and above other considerations.	**Principle-Oriented (EOC_FacA)**		
EOC.15 …everyone is expected to stick by the company rules and procedures.			
EOC.19 …the most efficient way is always the right way.			
EOC.21 …the major consideration is what is best for everyone in the company.			
EOC.25 …each person is expected, above all, to work efficiently.			
EOC.27 …people view team spirit as important.			
EOC.30 …people are actively concerned about the customer's and the public's interest.		**Benevolence (EOC_FacB)**	
EOC.31 …people are very concerned about what is generally best for employees.			
EOC.32 …what is best for each individual is a primary concern.			
EOC.34 …the effect of decisions on the customer and the public are a primary concern.			
EOC.2 …the major responsibility for people is to consider efficiency first.			**Altruism EOC_FacC**
EOC.5 …people look out for each other's good.			
EOC.13 …the first consideration is whether a decision violates any law.			
EOC.16 …the major concern is always what is best for the other person.			
EOC.17 …people are concerned with the company's interests.			

According to Organ (1988), altruism is defined as behaviour or actions “directed towards other individuals, but contributes to group efficiency by enhancing, individual's performance; participants help new colleagues and give freely of their time”.

Furthermore, Sharma and Jain (2014) provided a broader spectrum of altruism covering behaviour or actions “creating a healthy and cheerful atmosphere at workplace, listening to co-workers problems and providing solutions, trying to improve working conditions, volunteering to take additional tasks, spreading goodwill in the organisation, giving constructive suggestions for improvement, being enthusiastic about my job and about co-workers welfare, helping subordinates to develop required skills, providing suggestions to co-workers related to their work, consulting colleagues whenever possible, following organisation's rules even when not watched, taking initiative for new assignments, helping new employees adjust in new working environment, protecting organisational resources”.

4.5.2.6 Key observations on the assessment of the EOC Construct

(a) 22 items initially emerged as having acceptable loadings (between .61 and .84) under a 4-factor model generated through the EFA process.

(b) Following the model adjustments, a 3-factor model emerged with 15 items holding improved acceptable loadings (between .62 and .87) alongside enhanced model fit indicators. CMIN/df improved from 4.938 to 3.817, RMSEA improved from .087 to .073, CFI improved to above the .90 threshold from .899 to .955, SRMR also improved from .059 to .034 (< .10 threshold). TLI was above the .90 threshold (result: .946) and GFI was also above the .90 threshold (result: .923).

The CFA of the Adjusted EFA Base Model shows an acceptable fit (the final results have mapped in the respective cells as highlighted in Table 4.32 on page 252)

Table 4.32

Model Fit Indices

	CMIN/df	GFI	NFI	TLI	CFI	RMSEA	SRMR
Poor	>5	<0.90	<0.90	<0.90	<0.90	>0.08	>0.10
Acceptable	3-5	>0.90	>0,90	>0,90	0.90-0.95	0.06-0.08	0.08-0.10
Excellent	<3	>0.95	>0.95	>0.95	>0.95	<0.06	<0.08
Fit type	Absolute	Absolute	Incremental	Incremental	Incremental	Absolute	Absolute

Note. Sources: Hair et al. (2014), Awang (2012), Hu & Bentler (1999), Schumacker & Lomax (2010)

(c) The factor structure emerging from the present study was compared from a theoretical perspective with factor structures established by Victor and Cullen (1988), Vidaver-Cohen (1995), Brower and Shrader (2000) and Barnett and Schubert (2002). Table 4.31 shows how the various latent components of the respective studies have been mapped and compared. Whilst examining the items loaded in the factor structure of the present study and considering the aforementioned theoretical perspectives, the three factors that emerged from the present study have been labelled as follows:

- Factor 1: EOC_FacA → Principle-Oriented
- Factor 2: EOC_FacB → Benevolence
- Factor 3: EOC_FacC → Altruism

The emerging factors were compared to the theories underpinning EOC as shown in Table 4.33 on page 253.

Table 4.33

Mapping of Confirmed Factors – A theoretical perspective (EOC)

Component	Victor and Cullen (1988)	Vidaver-Cohen (1995)	2 different studies: Brower and Shrader (2000) Barnett and Schubert (2002)	The Present Study
1	Benevolence-Cosmopolitan: Social Responsibility		Benevolence	Benevolence
2	Benevolence-Individual: Friendship			
3	Benevolence-Local: Team Interest			
4	Egoism-Cosmopolitan: Efficiency		Egoism	
5	Egoism-Individual: Self Interest			
6	Egoism-Local: Company Profit			
7	Principle-Cosmopolitan: Laws, Professional Codes		Principled	Principle-Orientated
8	Principle-Individual: Personal Morality			
9	Principle-Local: Rules, Standards, Operating Procedures			
10		Social Emotional Support		Altruism
11		Means Emphasis		
12		Task Support		
13		Goal Emphasis		
14		Reward Orientation		

Note. **Goal emphasis:** prevailing norms for selecting organisational goals

Means emphasis: prevailing norms for determining how organisation goals should be attained

Reward orientation: prevailing norms regarding how performance is rewarded

Task support: prevailing norms regarding how resources are allocated to perform specific tasks

Socio-emotional support: prevailing norms regarding the type of relationships expected in the firm

(d) Out of the 3 factors extracted from the present studies and confirmed through CFA, two of them (Principle-oriented and Benevolence) are similar to those found from the studies undertaken by the above referenced scholars and researchers. It also appears that respondents in the local context seem to be influenced by principal-orientation and benevolence traits as two macro-level latent factors as opposed to a granular perspective characterised by the model of Victor and Cullen (1988). This phenomenon seems similar to what Brower and Shrader (2000) and Barnett and Schubert (2002) found in their respective studies. As regards the three extractor factors, EOC.FacC, the set of loaded items again seems to be very particular to the local context. Whilst examining the 5 loaded items (EOC.2, EOC.5, EOC.13, EOC.16 and EOC.17) through face validity, they appear to represent a combination of egoism, benevolence and principle traits. However, when assessing their specificities, it appears to project the attributes of “Altruism” in a broader sense of its meaning and definition (Organ, 1988; Sharma & Jain, 2014).

(e) As regards the model, it has materially improved from the initial baseline model to an acceptable fit. Nevertheless, as noted for the previous construct, there are still some discriminant validity issues between the three factors in the final CFA model. In this particular context, it is deemed appropriate to choose one factor as a proxy of the EOC construct measure. Based on the theoretical assessment and the above results, the use of EOC_FacA has been selected as a proxy construct measure and for computation of the score. EOC_FacA loads with 6 items and represents “Principle-oriented” from a theoretical perspective.

4.5.3 CFA – Baseline Model (Construct: Ethical Leadership & Decision Making)

The third construct of Ethical Leadership & Decision Making ("ELDM") resides within the meso layer of the Conceptual Research Model, referred to under this section as the Baseline Model. The ELDM construct was assessed comprehensively through a structured statistical process and strategy, similar to that undertaken for the previous OC & EOC constructs. The objective of this section is to present the results in a summarised format to highlight the critical elements that emerged from the statistical procedures without being repetitive in explaining the detailed process as undertaken under OC. A consistent reporting approach was also maintained by focusing on the main fit indices selected since the start.

4.5.3.1 Assessing the Baseline Model Fit through CFA

A CFA was undertaken on the Baseline Model to assess the model fit for the ELDM construct using the data gathered through the survey. ELDM was measured through the 38 items of Kalshoven, Den Hartog and De Hoogh (2011) grouped under seven factors namely:

- People Dimension ("ELDM_PD")
- Fairness ("ELDM_F")
- Power Sharing ("ELDM_PS")
- Concern for Sustainability ("ELDM_CS")
- Ethical Guidance ("ELDM_EG")
- Role Clarification ("ELDM_RC")
- Integrity ("ELDM_I")

Standardized regression weights, correlations and covariances were computed for the underlying Baseline Model and items. Furthermore, the implied covariances, correlations and standardised residual covariance matrices were generated for assessment and statistical computations for model fit. The model fit, construct validity and reliability indices were computed and examined through CFA.

The initial results of the CFA indicate a poor fit. The CMIN/df was 4.071, RMSEA was .077, CFI was .880, TLI was .869 and SRMR was .129.

Furthermore, discriminant validity issues were noted for two factors of the Baseline Model of ELDM (ELDM_CS and ELDM_EG) whereby the respective AVEs were less than their corresponding MSVs. Convergent validity issue was also noted for ELDM_PS with an AVE of less than .50. The CR for ELDM_PS was less than .70.

4.5.3.2 Adjusting the Baseline Model Fit through CFA

In light of the above model fit results, the Baseline Model was adjusted with a view to obtain an acceptable model fit. Modification indices and remedial measures were considered with a view to address discrepancies as considered earlier on the basis of theoretical grounds. This included the covarying of error terms that were part of the same factor (where modification indices > 50), assessment and removal of items with significant standardised residual covariances (where > 2.58), and those items with low loadings. Eight items were excluded through this process namely ELDM.11, ELDM.12, ELDM.13, ELDM.14, ELDM.15, ELDM.18, ELDM.19 and ELDM.39.

The above process led to an improved fit which was reasonable to acceptable (CMIN/df improved from 4.071 to 2.830, CFI from .880 to .948, RMSEA from .077 to .059, SRMR from .129 to .041). However, some discriminant validity issues between ELDM_CS and ELDM_EG were still present.

An attempt was made to come up with an alternative CFA model whereby ELDM_CS and ELDM_EG are represented as a single second order factor model. Standardised factor loadings for both factors were > 0.90 and it can therefore calculate a single construct measure, similar to the research approach followed by Marsh and Hocewar (1986). This approach resulted in an acceptable fit with no discriminant and convergent issues as depicted in Figure 4.7 on page 257 and in Table 4.34 on page 258.

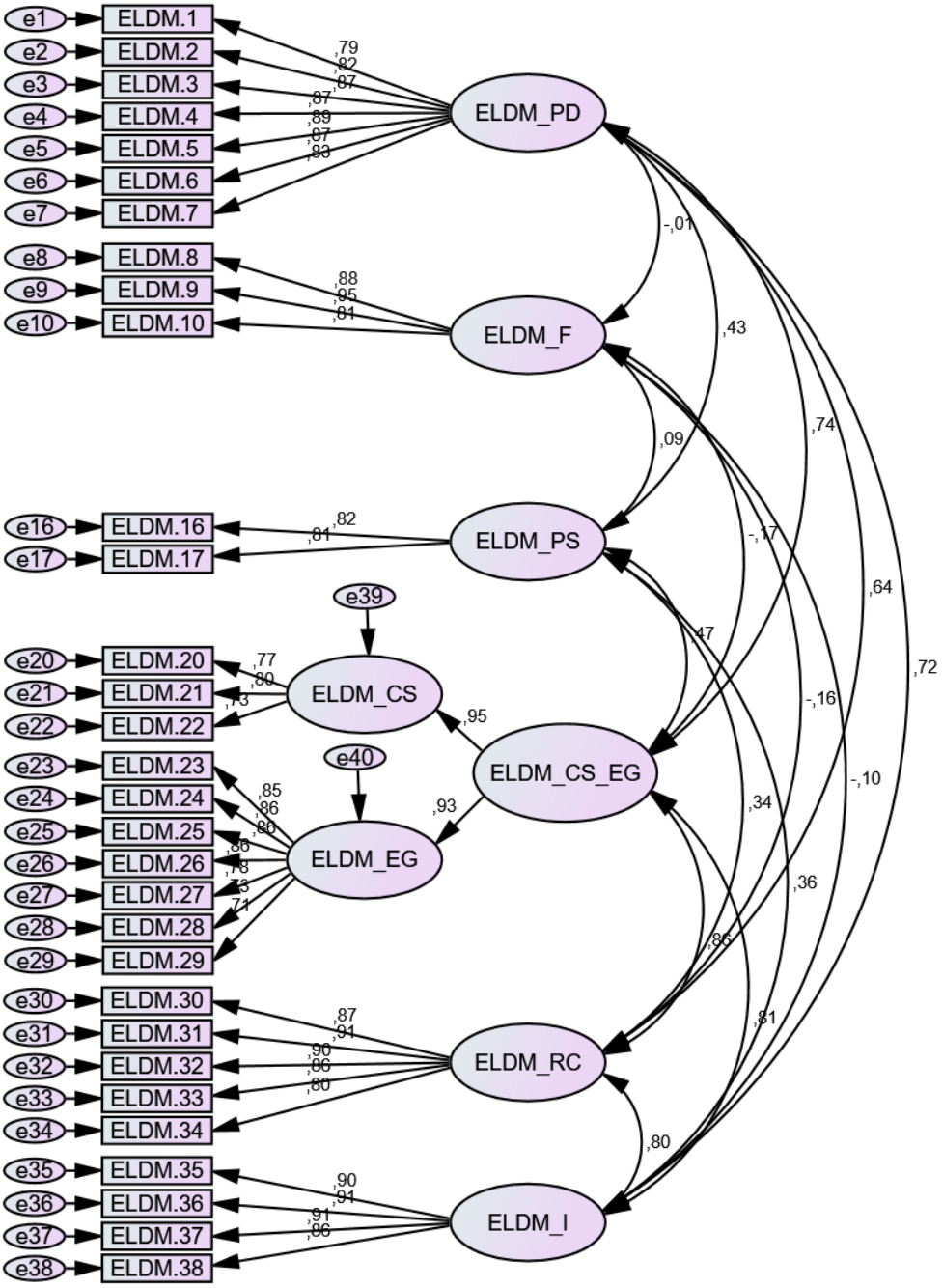


Figure 4.7. The alternative CFA model for ELDM construct.

Table 4.34

Model Fit Indicators including Validity and Reliability Indicators, and Factor Structure of CFA Alternative Model [ELDM Construct]

CMIN	df	CMIN/df	GFI	AGFI	NFI	TLI	CFI	RMSEA	PCLOSE	SRMR	AIC	BIC
1174.27	417	2.816	0.872	0.848	0.922	0.942	0.948	0.059	0.000	0.042	1,332.3	1,668.8

Note. $p < .001$

	CR	AVE	MSV	MaxR(H)	ELDM_RC	ELDM_F	ELDM_I	ELDM_PD	ELDM_PS	ELDM_CS_EG
ELDM_RC	0.940	0.757	0.748	0.945	**0.870**					
ELDM_F	0.910	0.773	0.028	0.969	-0.159	**0.879**				
ELDM_I	0.941	0.798	0.650	0.979	0.803	-0.101	**0.893**			
ELDM_PD	0.948	0.721	0.549	0.985	0.645	-0.006	0.723	**0.849**		
ELDM_PS	0.802	0.670	0.220	0.986	0.343	0.088	0.356	0.426	**0.819**	
ELDM_CS_EG	0.937	0.881	0.748	0.988	0.865	-0.167	0.806	0.741	0.469	**0.939**

Table 4.35

List of retained Items & Factors

Final CFA Adjusted EFA Base Model: Items & Factors for the ELDM Construct		Factor Ref.	Factor Labels
	In the organisation I work, the leader		
ELDM.1	is interested in how you feel and how you are doing.	ELDM_PD	**People Orientation**
ELDM.2	takes time for personal contact.		
ELDM.3	pays attention to your personal needs.		
ELDM.4	takes time to talk about work-related emotions.		
ELDM.5	is genuinely concerned about your personal development.		
ELDM.6	sympathizes with you when you have problems.		
ELDM.7	cares about their followers.		
ELDM.8	holds you accountable for problems over which you have no control.	ELDM_F	**Fairness**
ELDM.9	holds you responsible for work that you gave no control over.		
ELDM.10	holds you responsible for things that are not your fault.		
ELDM.16	seeks advice from subordinates concerning organisational strategy.	ELDM_PS	**Power Sharing**
ELDM.17	will reconsider decisions on the basis of recommendations by those who report to him/her.		
ELDM.20	would like to work in an environmentally friendly manner.	ELDM_CS (2nd order)	**Concern for sustainability (2nd order)**
ELDM.21	shows concern for sustainability issues.		
ELDM.22	stimulates recycling of items and materials in your department.		
ELDM.23	clearly explains integrity related codes of conduct.	ELDM_EG (2nd Order)	**Ethical Guidance (2nd order)**
ELDM.24	explains what is expected from employees in terms of behaving with integrity.		
ELDM.25	clarifies integrity guidelines.		
ELDM.26	ensures that employees follow codes of integrity.		
ELDM.27	clarifies the likely consequences of possible unethical behaviour by yourself and your colleagues.		
ELDM.28	stimulates the discussion of integrity issues among employees.		
ELDM.29	compliments employees who behave according to the integrity guidelines.		
ELDM.30	indicates what the performance expectations of each group member are.	ELDM_RC	**Role clarification**
ELDM.31	explains what is expected of each group member.		
ELDM.32	explains what is expected of you and your colleagues.		
ELDM.33	clarifies priorities.		
ELDM.34	clarifies who is responsible for what.		
ELDM.35	keeps their promises.	ELDM_I	**Integrity**
ELDM.36	can be trusted to do the things they say.		
ELDM.37	can be relied on to honour their commitments.		
ELDM.38	always keeps their words.		

4.5.3.3 Key observations on the assessment of ELDM Construct

(a) Out of the 38 items that were loaded and were subject to the CFA, 31 items initially emerged as having acceptable loadings (between .72 and .95) under a seven-factor model confirmed through the CFA process. CMIN/df was at 2.830 (within threshold of < 5.00), RMSEA was at .059 (threshold: < .08), CFI greater than .90 threshold with a result of .948, SRMR within the acceptable threshold of < .10 with an output of .041.

(b) Following the adjustments made for an alternative model with a view to address the discriminant validity issues between ELDM_CS and ELDM_EG, the latter two constructs were considered and modelled as 2nd order latent factors. A 6-factor model emerged with 31 items still holding acceptable loadings (between .72 and .95), with more or less similar acceptable model fit indicators. CMIN/df improved from 2.830 to 2.816, RMSEA stayed at .059, CFI at .948 and SRMR at .042.

The CFA of the Alternative Base Model shows an acceptable to excellent fit (the final results have mapped in the respective cells as highlighted in table below), with no discriminant or convergent validity issues.

Table 4.36

Model Fit Indices

	CMIN/df	GFI	NFI	TLI	CFI	RMSEA	SRMR
Poor	>5	<0.90	<0.90	<0.90	<0.90	>0.08	>0.10
Acceptable	3-5	>0.90	>0,90	>0,90	0.90-0.95	0.06-0.08	0.08-0.10
Excellent	<3	>0.95	>0.95	>0.95	>0.95	<0.06	<0.08
Fit type	Absolute	Absolute	Incremental	Incremental	Incremental	Absolute	Absolute

Note. Sources: Hair *et* al. (2014), Awang (2012), Hu & Bentler (1999), Schumacker & Lomax (2010)

(c) The factor structure emerging from the present study was found to support the latent factor structure from a theoretical perspective as established by Kalshoven, Den Hartog and De Hoogh (2011).

(d) In light of the above, it is proposed that the final alternative CFA model, with single a second order factor, be used for the subsequent computation of the score and evaluation of the macro-meso-micro framework of the Conceptual Research Model.

4.5.4 CFA – Baseline Model (Construct: Internal & External Workplace Pressures)

The fourth construct that lies within the meso layer of the Conceptual Research Model is referred to as Internal & External Workplace Pressures (“IEWP”), or Baseline Model under this section. The IEWP construct was assessed through a similar structured statistical process and strategy, as undertaken for the previous construct, ELDM. The objective of this section is to present the results in a concise format highlighting the main outcomes from the applied statistical procedures and tests.

Standardized regression weights, correlations and covariances were computed for the underlying Baseline Model and items, including the implied covariances, correlations and standardised residual covariance matrices. The model fit, construct validity and reliability indices were also computed and examined.

4.5.4.1 Assessing the Baseline Model Fit through CFA

A CFA was undertaken on the Baseline Model to assess the model fit for the IEWP construct using the data gathered through the survey. IEWP was measured through an adapted instrument basing on the research work on factors eliciting managerial unethical decision making (Lasakova & Remisova, 2017). Nine items were drawn from the scales used by Lasakova and Remisova (2017). Given the limited scales available to specifically measure this construct, the earlier scale of nine items were adapted and supplemented by another set of 19 items drawn from literature reviews with an objective to measure workplace pressure in the local context and respond to the research questions of the present study. This led to a total of 28 items grouped under 4 factors namely:

- Prioritisation of Economic Results (“IEWP_PER”)
- Violation of Internal Ethical Guidelines (“IEWP_VIEG”)
- Situational Tensions (“IEWP_ST”)
- Personal Situational Stress (“IEWP_PSS”)

The first three factors were identified in the research work of Lasakova and Remisova (2017). The new set of items that were added to supplement the measurement of the IEWP construct in the context of this present research was mapped on these three

factors based on face validity of these supplementary items. Out of the 19 supplementary items, six of these had to be classified under a new and more specific factor “Personal Situational Stress” given the nature of these items and their specific connection with the personal situation of an individual in the workplace.

The initial results of the CFA indicated a poor fit. The CMIN/df was 13.102 (threshold limit being < 5.00 to indicate an acceptable level), RMSEA was .152 (threshold limit being < .08 to indicate an acceptable fit), CFI was .650 and TLI was .615 (both indicators should be > .90 to demonstrate an acceptable fit), and SRMR was .199 (threshold limit being < .10 for acceptable fit).

Furthermore, discriminant validity issues were noted for three factors of the Baseline Model of IEWP whereby the respective AVEs were less than their corresponding MSVs mainly for IEWP_PSS and IEWP_PER. Convergent validity issues were also noted for IEWP_PSS, IEWP_VIEG and IEWP_ST whereby their respective AVEs were less than .50.

4.5.4.2 Adjusting the Baseline Model Fit through CFA

Given the initial results suggested a poor fit, the Baseline Model was adjusted with a view to obtain an acceptable model fit through modification indices and remedial measures to address potential discrepancies. This included the covarying of error terms that are part of the same factor (where modification indices > 50), assessment and removal of items with significant standardised residual covariances (where > 2.58, indicating that a particular variance is not well explained by the Baseline Model), and those items with low loadings. A total of 15 items were excluded through this process.

The above process led to a reasonable to acceptable fit (CMIN/df improved from 13.102 to 4.819, CFI from .650 to .958, RMSEA from .152 to .086 and SRMR from .199 to .038. However, some discriminant validity issues between IEWP_PER, IEWP_ST and IEWP_PSS were noted as shown in the Figure 4.8 on page 263 and Table 4.37 on page 264 of the thesis.

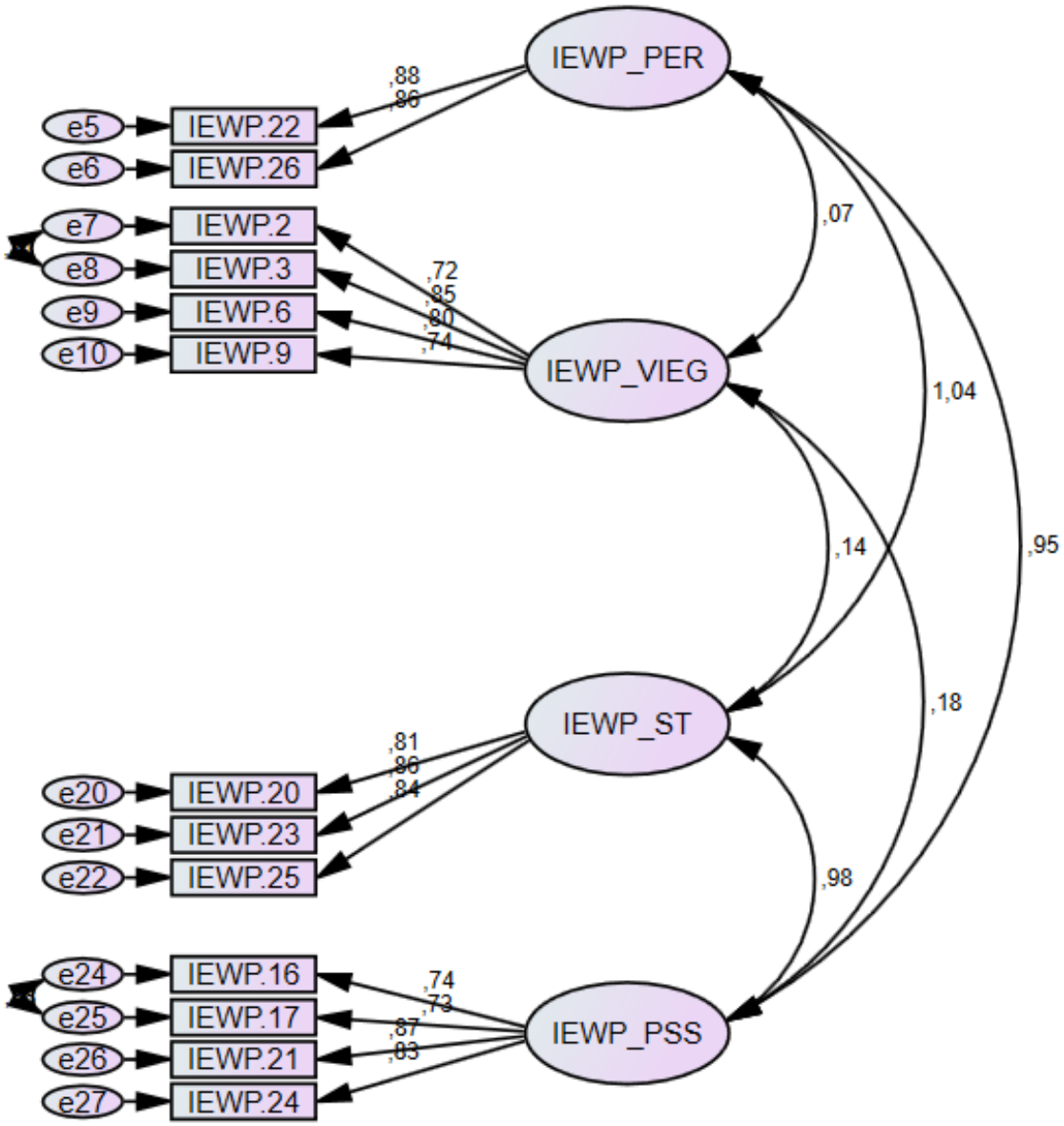


Figure 4.8. The adjusted *CFA model for IEWP construct.*

Table 4.37

Model Fit Indicators, Validity & Reliability Indicators and Factor Structure of CFA Models [IEWP Construct]

Model Fit Process	CMIN	df	CMIN/df	P-value	GFI	AGFI	NFI	TLI	CFI	RMSEA	PCLOSE	SRMR	AIC	BIC
1. IEWP Base CFA	4507.02	344	13.102	0.000	0.560	0.480	0.633	0.615	0.650	0.152	0.000	0.199	4,631.0	4,895.1
2. IEWP Base (Adjusted) CFA	274.71	57	4.819	0.000	0.922	0.875	0.948	0.943	0.958	0.086	0.000	0.038	342.7	487.5

CFA of the IEWP Base Model (Validity & Reliability Indicators)

	CR	AVE	MSV	MaxR(H)	IEWP_PSS	IEWP_PER	IEWP_VIEG	IEWP_ST
IEWP_PSS	0.842	0.491	0.947	0.894	**0.700**			
IEWP_PER	0.864	0.537	1.018	0.950	0.960	**0.733**		
IEWP_VIEG	0.859	0.457	0.176	0.965	0.364	0.273	**0.676**	
IEWP_ST	0.846	0.424	1.018	0.973	0.973	1.009	0.419	**0.652**

CFA of the IEWP (Adjusted) Base Model (Validity & Reliability Indicators)

	CR	AVE	MSV	MaxR(H)	IEWP_PSS	IEWP_PER	IEWP_VIEG	IEWP_ST
IEWP_PSS	0.872	0.630	0.966	0.884	**0.794**			
IEWP_PER	0.858	0.751	1.077	0.932	0.948	**0.867**		
IEWP_VIEG	0.861	0.609	0.034	0.953	0.184	0.069	**0.780**	
IEWP_ST	0.875	0.700	1.077	0.965	0.983	1.038	0.135	**0.837**

Final CFA Adjusted Model: Items & Factors for the IEWP Construct		Factor 1	Factor 2	Factor 3	Factor 4
IEWP.22	to ensure financial success of the company	**Prioritisation of Economic Results** (IEWP _PER)			
IEWP.26	to continually innovate to gain efficiency				
IEWP.2	unfair human resource management policies prevail		**Violations of Ethical Guidelines** (IEWP _VIEG)		
IEWP.3	unethical behaviour of superiors is felt				
IEWP.6	it is unclear which behaviours are ethical/unethical				
IEWP.9	bad (ineffective) organisation of workflow is prevalent				
IEWP.20	from clients for favourable terms otherwise there is risk to lose the business			**Situational Stress** (IEWP _ST)	
IEWP.23	to protect the company's image				
IEWP.25	from powerful groups of employees to abide to their demands				
IEWP.16	to keep your job				**Personal Situational Stress** (IEWP_PSS)
IEWP.17	to meet your personal financial obligations				
IEWP.21	to progress your career for better pay and living				
IEWP.24	to protect your personal/family reputation				

4.5.4.3 Key observations on the assessment of the IEWP Construct

(a) An examination of the retained items post CFA was conducted. It was noted that out of the original 28 items, 15 items were properly loaded onto the four latent constructs. In particular, the items originating from Lasakova and Remisova (2017) study were loaded consistently as per their original confirmed factor structure.

(b) The 15 items held acceptable loadings (between .72 and .88) along with reasonable to acceptable model fit indicators. Following model adjustments, CMIN/df improved from 13.102 to 4.818, RMSEA reduced from .152 to .086, CFI increased from .650 to .958 and SRMR reduced from .199 to .038.

The CFA of Alternative Base Model shows a reasonable to acceptable fit (the final results have mapped in the respective cells as highlighted in table below).

Table 4.38

Model Fit Indices

	CMIN/df	GFI	NFI	TLI	CFI	RMSEA	SRMR
Poor	>5	<0.90	<0.90	<0.90	<0.90	>0.08	>0.10
Acceptable	3-5	>0.90	>0,90	>0,90	0.90-0.95	0.06-0.08	0.08-0.10
Excellent	<3	>0.95	>0.95	>0.95	>0.95	<0.06	<0.08
Fit type	Absolute	Absolute	Incremental	Incremental	Incremental	Absolute	Absolute

Note. Sources: Hair *et* al. (2014), Awang (2012), Hu & Bentler (1999), Schumacker & Lomax (2010)

(c) Though the model has considerably improved from the initial baseline model to a reasonable and acceptable fit, there are still some discriminant validity issues in the final CFA model between the three factors IEWP_PER, IEWP_ST and IEWP_PSS. In this particular context and with a view to embrace a consistent approach, it was deemed appropriate to choose one factor as a proxy of the IEWP as was done for the OC & EOC constructs. Based on the theoretical assessment and the above results, the use of IEWP_VIEG was selected as a proxy of a construct measure and for computation of the score. IEWP_VIEG loads with 4 items and represents “Violations of Internal Ethical Guidelines” from a theoretical perspective. This selection was also motivated by the fact that IEWP, being a meso construct, leans more towards the organisational processes and aligns well with the underlying organisational ethical imperatives, objectives and scope of the overall study.

4.5.5 CFA – Baseline Model (Construct: Organisational Citizenship Behaviour)

The fifth construct, Organisational Citizenship Behaviour ("OCB"), resides in the micro layer of the Conceptual Research Model. OCB, or the Baseline Model under this section, is the first micro level construct (dependent variable) and has been assessed through a similar structured statistical strategy and process as was undertaken for the macro layer OC and EOC constructs (independent) with a statistical assessment journey necessitating both EFA and CFA. The objective of this section is to present the results concisely highlighting the key findings that emerged from the statistical procedures.

4.5.5.1 Assessing the Baseline Model Fit through CFA

A CFA was undertaken on the Baseline Model to assess the model fit for the OCB construct using the data gathered through the survey. OCB was measured through 24 items of Podsakoff *et* al.(1990), (Argentero et al., 2008). The 24 items measuring OCB were grouped under 5 factors as established by Podsakoff *et* al. (1990) namely:

- Altruism ("OCB_A")
- Conscientiousness ("OCB_CON")
- Sportsmanship ("OCB_S")
- Courtesy ("OCB_COU")
- Civic Virtue ("OCB_CV")

Prior to the computation of model fit indices, standardized regression weights, correlations and covariances were computed for the underlying Baseline Model and its corresponding items. The implied covariances, correlations and standardised residual covariance matrices were also generated.

The model fit, construct validity and reliability indices were also computed and examined to ascertain the degree of model fit, validity and reliability of the underlying construct. The initial results of the CFA indicated a poor fit. The CMIN/df was 7.602 (threshold limit being < 5.00 to indicate an acceptable level), RMSEA was .112 (threshold limit being < .08 to indicate an acceptable fit), CFI was .743 and TLI was

.706 (both indicators should be > .90 to demonstrate an acceptable fit), and SRMR was .099 marginally below the threshold limit of .10.

Furthermore, discriminant validity issues were noted for all the factors of the Baseline Model of OCB, where the respective AVEs were less than their corresponding MSVs. Convergent validity issues were also noted for OCB_S, OCB_CV, OCB_CON and OCB_COU, where their respective AVEs were less than .50. The CRs for OCB_S, OCB_CON and OCB_COU were less than .70. On the basis of the preliminary outcomes, it was deemed appropriate to conduct a single factor test to determine if the underlying construct is a single or multi-factor baseline model.

4.5.5.2 Identifying Common Method Variance

The Harman's Single Factor test was conducted to identify common method variance of the 24 items measuring OCB.

A correlation matrix was generated with the correlation coefficients of the 24 items. The KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity were computed as follows:

Table 4.39

KMO & Bartlett's Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.929
Bartlett's Test of Sphericity	Approx. Chi-Square	6371.937
	df	276
	Sig.	0.000

Note. $p < .001$

The KMO measure, which generally indicates whether or not the variables are able to be grouped into a smaller number of underlying factors, resulted in a figure of .929 reflecting a strong adequacy level of the sample for factor analysis. From the result of the Bartlett's Test of Sphericity, it is noted that $p < .05$ thereby indicating that there is a structure within the observed correlation matrix and hence would be appropriate for a Principal Component Analysis ("PCA").

A table of Communalities was generated showing how much of variance in the 24 OCB variables has been accounted for by the extracted factors, using PCA as extraction method. The Extraction Sums of Squared Loadings % of Variance was also computed and a result of 37.7% was obtained for one component extracted,

suggesting a multi-factor model for OCB, hence rejecting the null hypothesis. The proposed next step was to continue with model fit adjustments.

4.5.5.3 Adjusting the Baseline Model (CFA Adjusted Model)

In light of the above model fit results and a multi-factor structure being suggested, the next course of action was to adjust the Baseline Model with a view to obtain an acceptable model fit. Modification indices and remedial measures were considered with a view to address discrepancies between the Baseline Model and the estimated model. This included the covarying of error terms that were part of the same factor (where modification indices > 50 and considering the theory), assessment and removal of items with significant standardised residual covariances (where > 2.58 to address any particular covariance not well explained by the model), and those items with low loadings.

Though the above process led to an improved fit (CMIN/df improved from 7.602 to 6.187, CFI from .743 to .867, RMSEA from .112 to .100, SRMR from .099 to .065), it was still not acceptable and continued to demonstrate a lack of discriminant validity despite the selective model fit adjustments. On the basis of these results, the conduct of an EFA was required to propose a new measurement model that could be defended on theoretical grounds.

4.5.5.4 Conducting EFA

An EFA was conducted to explore the latent factors that best represent the variations and interrelationships of the underlying observed items and to potentially generate a new theory that could be further assessed and confirmed through a CFA.

A factor extraction process was effected using Principal Axis Factoring as the extraction method and Promax as the rotation method. The preliminary runs suggested a multi-factor model (five constructs holding eigenvalues of > 1 and with cumulated Extraction Sums of Squared Loadings of 54.5%).

The corresponding factor matrix (five factors generated through 15 iterations), pattern matrix (rotation converged in eight iterations), structure matrix and factor correlation matrix were generated and assessed.

As there were no items with low communalities (< 0.30), the original set of items were maintained. However, five items were removed (namely OCB.7r, OCB.6, OCB.1, OCB.18 and OCB.10) due to high cross-loadings (< .20).

Three items with low loadings (<0.5), OCB.21, OCB.12 and OCB.20, were removed with an aim to obtain an average loading of > 0.6. The resulting output tables providing the communalities, factor matrix, pattern matrix, structure matrix and factor correlation matrix are provided below:

Table 4.40

Communalities (EFA) – OCB Construct

	Initial	Extraction
OCB.2 …you do your job without constant requests from your boss.	0.486	0.501
OCB.3 …you believe in giving an honest day's work for an honest day's pay.	0.515	0.519
OCB.4 …you do not waste time complaining about trivial matters.	0.544	0.823
OCB.5 …you try to avoid creating problems for co-workers.	0.491	0.495
OCB.8r …you do not consider the impact of your actions on co-workers. [8R]	0.335	0.448
OCB.9 …you attend meetings that are not mandatory, but important.	0.411	0.389
OCB.11 …you attend functions that are not required but help the company image.	0.468	0.508
OCB.13 …you help others who have been absent.	0.514	0.529
OCB.14 …you respect the rights of people that work with you.	0.605	0.628
OCB.15 …you willingly help others who have work related problems.	0.649	0.662
OCB.16 …you always focus on what is right, rather than what is wrong.	0.616	0.673
OCB.17 …you take steps to try to avoid problems with other workers.	0.393	0.429
OCB.19r …you always find fault with what the organisation is doing. [R]	0.287	0.362
OCB.22 …you respect company rules and policies even when no one is watching you.	0.497	0.508
OCB.23 …you guide new people even though it is not required.	0.496	0.514
OCB.24 …you are one of the most conscientious employees.	0.519	0.530

Table 4.41

Total Variance Explained (EFA) – OCB Construct

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings[a]
Factor	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	6.389	39.929	39.929	5.948	37.178	37.178	5.579
2	2.227	13.921	53.850	1.713	10.708	47.885	3.053
3	1.235	7.721	61.571	0.856	5.349	53.234	3.533
4	0.790	4.940	66.511				
5	0.691	4.322	70.832				
6	0.660	4.128	74.961				
7	0.591	3.693	78.654				
8	0.542	3.387	82.040				
9	0.492	3.076	85.116				
10	0.417	2.606	87.722				
11	0.396	2.476	90.199				
12	0.366	2.285	92.484				
13	0.354	2.210	94.693				
14	0.317	1.980	96.673				
15	0.280	1.753	98.426				
16	0.252	1.574	100.000				

Note. Extraction Method: Principal Axis Factoring.
[a.] When factors are correlated, sums of squared loadings cannot be added to obtain a total variance.

Table 4.42

Factor Matrix[a] (EFA) – OCB Construct

	Factor		
	1	2	3
OCB.15 …you willingly help others who have work related problems.	0.783		
OCB.16 …you always focus on what is right, rather than what is wrong.	0.779		
OCB.14 …you respect the rights of people that work with you.	0.768		
OCB.13 …you help others who have been absent.	0.700		
OCB.24 …you are one of the most conscientious employees.	0.688		
OCB.23 …you guide new people even though it is not required.	0.678		
OCB.22 …you respect company rules and policies even when no one is watching you.	0.667		
OCB.2 …you do your job without constant requests from your boss.	0.622	0.321	
OCB.3 …you believe in giving an honest day's work for an honest day's pay.	0.609	0.355	
OCB.5 …you try to avoid creating problems for co-workers.	0.562	0.332	
OCB.11 …you attend functions that are not required but help the company image.	0.543	-0.454	
OCB.9 …you attend meetings that are not mandatory, but important.	0.509	-0.335	
OCB.8r …you do not consider the impact of your actions on co-workers. [8R]		0.526	
OCB.19r …you always find fault with what the organisation is doing. [R]		0.511	
OCB.17 …you take steps to try to avoid problems with other workers.	0.443	-0.465	
OCB.4 …you do not waste time complaining about trivial matters.	0.545	0.427	-0.586

Note. Extraction Method: Principal Axis Factoring.
[a.] Three factors extracted. 20 iterations required.

Table 4.43

Pattern Matrix[a] (EFA) – OCB Construct

	Factor		
	1	**2**	**3**
OCB.15 …you willingly help others who have work related problems.	0.807		
OCB.16 …you always focus on what is right, rather than what is wrong.	0.793		
OCB.23 …you guide new people even though it is not required.	0.751		
OCB.14 …you respect the rights of people that work with you.	0.747		
OCB.22 …you respect company rules and policies even when no one is watching you.	0.734		
OCB.13 …you help others who have been absent.	0.687		
OCB.24 …you are one of the most conscientious employees.	0.591		
OCB.8r …you do not consider the impact of your actions on co-workers. [8R]		-0.726	
OCB.19r …you always find fault with what the organisation is doing. [R]		-0.643	
OCB.17 …you take steps to try to avoid problems with other workers.		0.600	
OCB.11 …you attend functions that are not required but help the company image.		0.583	
OCB.9 …you attend meetings that are not mandatory, but important.		0.501	
OCB.4 …you do not waste time complaining about trivial matters.			1.001
OCB.5 …you try to avoid creating problems for co-workers.			0.614
OCB.3 …you believe in giving an honest day's work for an honest day's pay.	0.311		0.520
OCB.2 …you do your job without constant requests from your boss.	0.360		0.463

Note. Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.
[a.] Rotation converged in six iterations.

Table 4.44

Structure Matrix (EFA) – OCB Construct

	Factor		
	1	**2**	**3**
OCB.15 …you willingly help others who have work related problems.	0.811	0.416	0.417
OCB.16 …you always focus on what is right, rather than what is wrong.	0.807		0.542
OCB.14 …you respect the rights of people that work with you.	0.787	0.312	0.512
OCB.13 …you help others who have been absent.	0.716	0.431	0.347
OCB.23 …you guide new people even though it is not required.	0.715	0.331	0.352
OCB.22 …you respect company rules and policies even when no one is watching you.	0.704		0.431
OCB.24 …you are one of the most conscientious employees.	0.683	0.530	0.310
OCB.11 …you attend functions that are not required but help the company image.	0.482	0.685	
OCB.8r …you do not consider the impact of your actions on co-workers. [8R]		-0.656	
OCB.17 …you take steps to try to avoid problems with other workers.	0.373	0.649	
OCB.19r …you always find fault with what the organisation is doing. [R]		-0.591	
OCB.9 …you attend meetings that are not mandatory, but important.	0.440	0.588	
OCB.4 …you do not waste time complaining about trivial matters.	0.387		0.891
OCB.5 …you try to avoid creating problems for co-workers.	0.485		0.693
OCB.3 …you believe in giving an honest day's work for an honest day's pay.	0.561		0.682
OCB.2 …you do your job without constant requests from your boss.	0.583		0.654

Note. Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.

Table 4.45

Factor Correlation Matrix (EFA) – OCB Construct

Factor	1	2	3
1	1.000	0.449	0.557
2	0.449	1.000	0.129
3	0.557	0.129	1.000

Note. Extraction Method: Principal Axis Factoring.
Rotation Method: Promax with Kaiser Normalization.

4.5.6 CFA Adjusted Model

The 3-factor model generated through the EFA was assessed and adjusted through CFA. With a view to improve the model fit, the same process of covarying error terms that were part of the same factor where modification indices is greater than .50, assessment and removal of items with significant standardised residual variances greater than 2.58 and those items with low loadings were undertaken. These adjustments improved the 3-factor model from a reasonable to acceptable fit as shown and discussed below:

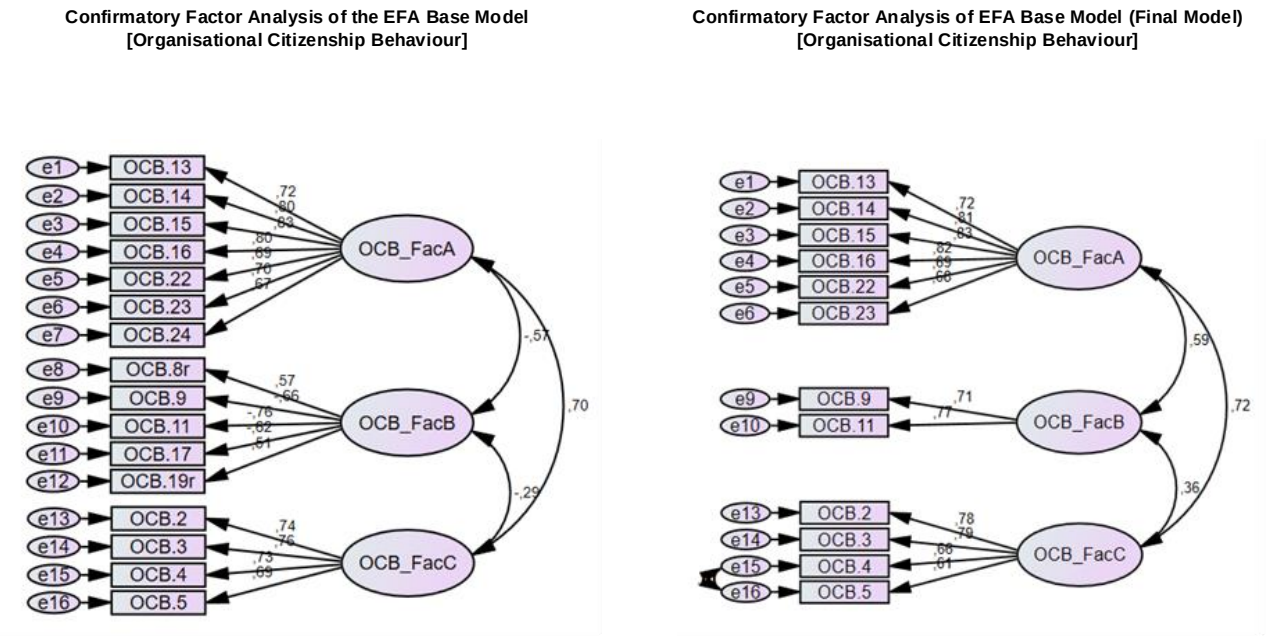


Figure 4.9. Comparison of CFA of the EFA base model and CFA of adjusted EFA base model for OCB construct

Table 4.46

Evolution of Model Fit Indicators and Validity & Reliability Indicators & Factor Structure of Final Model [OCB Construct]

Model Fit Process	CMIN	df	P-value	CMIN/df	GFI	AGFI	NFI	TLI	CFI	RMSEA	PCLOSE	SRMR	AIC	BIC
1. OCB EFA Base CFA	514.71	101	0.000	5.096	0.889	0.851	0.871	0.873	0.893	0.089	0.000	0.069	584.7	733.8
2. OCB EFA Base CFA (Final)	173.59	50	0.000	3.472	0.947	0.917	0.944	0.946	0.959	0.069	0.003	0.042	229.6	348.9

CFA of the IEWP Base Model (Validity & Reliability Indicators)

	CR	AVE	MSV	MaxR(H)	OCB_FacB	OCB_FacC	OCB_FacA
OCB_FacB	0.235	0.397	0.328	0.784	**0.630**		
OCB_FacC	0.822	0.536	0.484	0.892	-0.292	**0.732**	
OCB_FacA	0.898	0.557	0.484	0.947	-0.573	0.696	**0.747**

CFA of the EFA Base Model (Validity & Reliability Indicators) - Final

	CR	AVE	MSV	MaxR(H)	OCB_FacB	OCB_FacC	OCB_FacA
OCB_FacB	0.712	0.554	0.352	0.716	**0.744**		
OCB_FacC	0.801	0.504	0.518	0.875	0.363	**0.710**	
OCB_FacA	0.891	0.577	0.518	0.941	0.593	0.720	**0.760**

Final CFA Adjusted EFA Model: Items & Factors for the OCB Construct	**Factor 1**	**Factor 2**	**Factor 3**
OCB.13 …you help others who have been absent	**Altruism** (OCB_FacA)		
OCB.14 …you respect the rights of people that work with you.			
OCB.15 …you willingly help others who have work related problems.			
OCB.16 …you always focus on what is right, rather than what is wrong.			
OCB.22 …you respect company rules and policies even when no one is watching you.			
OCB.23 …you guide new people even though it is not required			
OCB.9 …you attend meetings that are not mandatory, but important.		**Civic Virtue** (OCB_FacB)	
OCB.11 …you attend functions that are not required but help the company image.			
OCB.2 …you do your job without constant requests from your boss			**Sportsmanship** (OCB_FacC)
OCB.3 …you believe in giving an honest day's work for an honest day's pay			
OCB.4 …you do not waste time complaining about trivial matters.			
OCB.5 …you try to avoid creating problems for co-workers.			

Some discriminant validity issues between OCB_FacA and OCB_FacC were noted. They were assessed on theoretical grounds, as shown above, so as to select one factor as a proxy of construct measure for subsequent analysis.

4.5.6.1 Key observations on the assessment of the OCB Construct

(a) Out of the 24 items under a five-factor structure originally, 16 items initially emerged with loadings (between .51 and .83) but under a three-factor model generated through the EFA process

(b) Following the model adjustments and CFA, the 3-factor model was confirmed, with 12 items emerging with improved acceptable loadings (between .61 and .83) along with enhanced model fit indicators. CMIN/df improved from 5.096 to 3.472, RMSEA improved from .089 to .069, CFI improved to above the .90 threshold, i.e. from .893 to .959, SRMR also improved within the acceptable range from .069 to .042 (threshold: < .10).

The CFA of the Adjusted EFA Base Model shows an acceptable fit (the final results have mapped in the respective cells as highlighted in table below):

Table 4.47

Model Fit Indices

	CMIN/df	GFI	NFI	TLI	CFI	RMSEA	SRMR
Poor	>5	<0.90	<0.90	<0.90	<0.90	>0.08	>0.10
Acceptable	3-5	>0.90	>0,90	>0,90	0.90-0.95	0.06-0.08	0.08-0.10
Excellent	<3	>0.95	>0.95	>0.95	>0.95	<0.06	<0.08
Fit type	Absolute	Absolute	Incremental	Incremental	Incremental	Absolute	Absolute

Note. Sources: Hair *et* al. (2014), Awang (2012), Hu & Bentler (1999), Schumacker & Lomax (2010)

(c) The factor structure emerging from the present study was assessed from a theoretical perspective with factor structures established from the studies of Smith, Organ and Near (1983), Organ (1988, 1990), Podsakoff et al. (1990) and Sharma and Jain (2014). Table 4.48 on page 276 of the thesis shows how the various latent components of the respective studies have been mapped and compared. Whilst examining the items loaded in the factor structure of the present study and considering the aforementioned theoretical perspectives, the three factors that emerged from the present study have been labelled as follows:

- Factor 1: OCB_FacA → Altruism
- Factor 2: OCB_FacB → Civic Virtue
- Factor 3: OCB_FacC → Sportsmanship

Table 4.48

Mapping of Confirmed Factors – A theoretical perspective (OCB)

Component	Smith *et.* al (1983)	Organ (1988, 1990)	Podsakoff *et* al. (1990)	Sharma & Jain (2014	Present Study
1	Altruism	Altruism	Altruism	Altruism	Altruism
2	Conscientiousness	Conscientiousness	Conscientiousness		
3		Sportsmanship	Sportsmanship	Sportsmanship	Sportsmanship
4		Courtesy	Courtesy		
5		Civic Virtue	Civic Virtue		Civic Virtue
6		Cheerleading			
7		Peace making			
8				Org. Compliance	
9				Loyalty	

(d) The three factors extracted from the present studies and confirmed through CFA were found to be similar to those found from the studies undertaken by the above referenced scholars and researchers. Three items from the scale of Podsakoff *et.* al (1990), earlier classified under courtesy, conscientiousness, and sportsmanship loaded strongly on factor OCB_FacA in the present study. An examination of these items revealed them to be closely related to "Altruism", considering the broader definition put forward by Sharma and Jain (2014) and Organ (1988). A similar pattern was noted for OCB_FacC, where two items of the original scale (courtesy and consciousness) loaded better on OCB_FacC (labelled as "Sportsmanship" when examining the nature of the loaded items against the broader theoretical definitions. It thus appears that respondents in the local context seem to hold a broader view and understanding of altruism and sportsmanship as opposed to being able to identify specific nuances which might categorise some items, say under courtesy or conscientiousness.

(e) The model materially improved from the initial baseline model to an acceptable fit following the EFA and CFA procedures. Nevertheless, as noted for certain of the previous constructs, there are still some discriminant validity issues in the final CFA model between OCB_FacA and OCB_FacC. In this particular context, it was deemed appropriate to choose one factor as a proxy of the OCB construct measure. Based on the theoretical assessment and the above results, the OCB_FacA has been selected as a proxy of a construct measure and for computation of the score. OCB_FacA loads with six items and represents "Altruism" from a broader theoretical perspective.

4.5.7 CFA – Baseline Model (Construct: Ethical Employee Behaviour and Conduct)

The sixth construct that lies within the micro layer of the Conceptual Research Model is referred to as Ethical Employee Behaviour and Conduct ("EEBC"), or Baseline Model under this section. As per the adopted strategy and statistical procedures undertaken for the earlier constructs, the EEBC construct was also subject to similar statistical tests and assessment. The objective of this section is to present the results in a concise manner highlighting the main outcomes from the applied statistical tests.

4.5.7.1 Assessing the Baseline Model Fit through CFA

A CFA was undertaken on the Baseline Model to assess the model fit for the EEBC construct using the data gathered through the survey. Like the IEWP, the EEBC was also measured through an adapted instrument based on the scale of measurement of questionable behaviour of Maesschalck (2004) and the Global Business Ethics Surveys (Ethics & Compliance Initiative, 2016, 2018c, 2018a, 2018b).

The EEBC construct was measured using 46 items. A total of 31 items were drawn from the scales used by Maesschalck (2004) and 15 supplementary items were drawn from the Ethics & Compliance Initiative (2018). These were marginally adapted to create a broader base of items, without affecting the validity and reliability of the originally validated instrument, that could help to study and compare the local ethical practices and standards with those reported globally as well as respond to the

research question put forward in this regard. The 46 items grouped under 10 factors namely:

- Self Interest (“EEBC_SI”)
- Organisational Interest (“EEBC_OI”)
- Efficiency (“EEBC_E”)
- Friendship (“EEBC_F”)
- Team Interest (“EEBC_TI”)
- Stakeholder Orientation (“EEBC_SO”)
- Personal Morality (“EEBC_PM”)
- Rules & Law (“EEBC_R&L”)
- Public Interest (“EEBC_PI”)
- Global Perspective (“EEBC_GP”)

The first nine factors were identified in the research work of Maesschalck (2004). The new set of items that supplemented the measurement of the EEBC was mapped onto a new factor Global Perspective EEBC_GP. Based on statistical assessments, the Harman's single factor tests support the notion of a single factor, EEBC_GP for items EEBC.32 to EEBC.46. A Cronbach alpha of .953 is reported accordingly.

Standardized regression weights, correlations and covariances were computed for the EEBC construct and its corresponding items. The implied covariances, correlations and standardised residual covariance matrices were also generated.

The initial results of the CFA indicated a poor fit. The CMIN/df was 3.320 (threshold limit needs to be < 5.00 to indicate an acceptable level), the RMSEA was .067 (threshold limit needs to be < .08 to indicate an acceptable fit), The CFI was .877 and the TLI was .866 (both indicators should be > .90 to demonstrate an acceptable fit), and the SRMR was .078 and within the threshold limit of < .10.

Furthermore, discriminant validity issues were noted for two factors of the Baseline Model of EEBC, where the respective AVEs were less than their corresponding MSVs mainly for EEBC_PM and EEBC_OI. A convergent validity issue was also noted for EEBC_PM, where the reported AVE was less than .50.

4.5.7.2 Adjusting the Baseline Model Fit through CFA

Given the initial results suggesting a poor fit, the Baseline Model was adjusted to obtain an acceptable model fit through modification indices and remedial measures to address potential discrepancies. This included the covarying of error terms that are part of the same factor (where modification indices > 50), assessment and removal of items with significant standardised residual covariances (where >2.58), and those items with low loadings. A total of 11 items were excluded through this process resulting in a revised factor structure with 35 retained items.

The above process led to a reasonable to acceptable fit (CMIN/df improved from 3.320 to 2.586, CFI from .877 to .942, RMSEA from .067 to .055, SRMR from .078 to .045. No validity issues were noted following these statistical adjustments as shown in Figure 4.10 on page 280 and Table 4.49 on page 281:

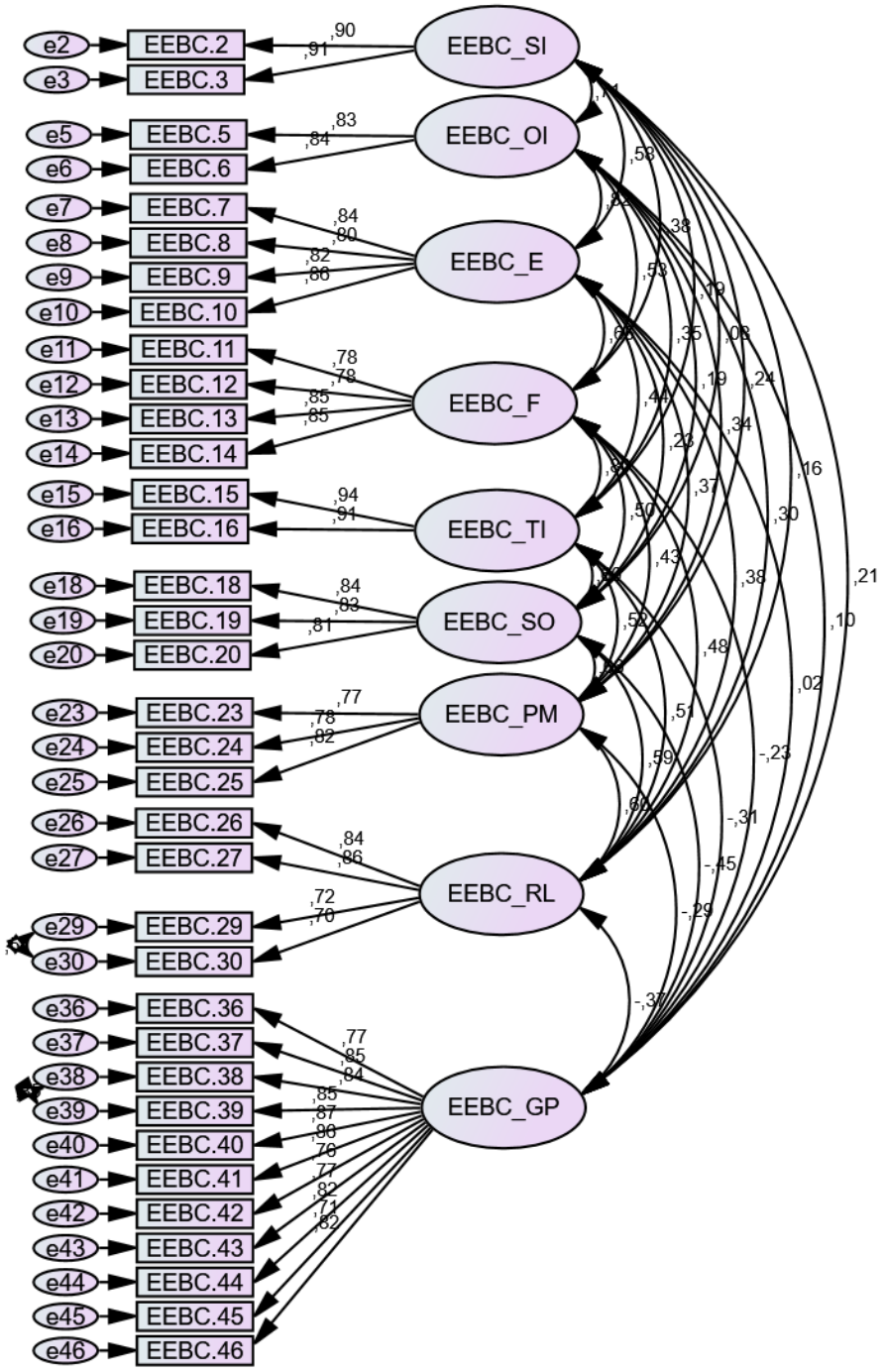


Figure 4.10. The adjusted CFA model of EEBC construct.

Table 4.49

Evolution of Model Fit Indicators and Validity & Reliability Indicators & Factor Structure of Final Model [EEBC Construct]

Model Fit Process	CMIN	df	P-value	CMIN/df	GFI	AGFI	NFI	TLI	CFI	RMSEA	PCLOSE	SRMR	AIC	BIC
1. EEBC Base CFA	3018.32	909	0.000	3.320	0.783	0.753	0.834	0.866	0.877	0.067	0.000	0.078	3,270.3	3,807.0
2. EEBC Base (Adjusted) CFA	1349.82	522	0.000	2.586	0.869	0.842	0.909	0.934	0.942	0.055	0.010	0.045	1,565.8	2,025.9

CFA of the EEBC Base Model (Validity & Reliability Indicators)

	CR	AVE	MSV	MaxR(H)	EEBC_PM	EEBC_SI	EEBC_GP	EEBC_OI	EEBC_TI	EEBC_SO	EEBC_E	EEBC_F	EEBC_RL
EEBC_PM	0.768	0.437	0.442	0.844	**0.661**								
EEBC_SI	0.828	0.630	0.518	0.938	0.276	**0.794**							
EEBC_GP	0.955	0.588	0.204	0.976	-0.255	0.243	**0.767**						
EEBC_OI	0.812	0.594	0.658	0.979	0.375	0.720	0.110	**0.771**					
EEBC_TI	0.849	0.663	0.646	0.983	0.525	0.158	-0.326	0.362	**0.814**				
EEBC_SO	0.870	0.690	0.442	0.985	0.665	0.062	-0.452	0.193	0.635	**0.831**			
EEBC_E	0.901	0.696	0.658	0.987	0.396	0.574	0.034	0.811	0.441	0.229	**0.834**		
EEBC_F	0.889	0.667	0.646	0.988	0.440	0.365	-0.225	0.547	0.804	0.498	0.651	**0.817**	
EEBC_RL	0.863	0.564	0.362	0.989	0.590	0.178	-0.374	0.330	0.550	0.602	0.396	0.500	**0.751**

CFA of the EEBC Adjusted Base Model (Validity & Reliability Indicators)

	CR	AVE	MSV	MaxR(H)	EEBC_PM	EEBC_SI	EEBC_GP	EEBC_OI	EEBC_TI	EEBC_SO	EEBC_E	EEBC_F	EEBC_RL
EEBC_PM	0.834	0.626	0.437	0.836	**0.791**								
EEBC_SI	0.902	0.821	0.501	0.934	0.244	**0.906**							
EEBC_GP	0.955	0.661	0.207	0.974	-0.292	0.209	**0.813**						
EEBC_OI	0.819	0.694	0.676	0.977	0.343	0.708	0.097	**0.833**					
EEBC_TI	0.921	0.854	0.648	0.982	0.517	0.187	-0.310	0.354	**0.924**				
EEBC_SO	0.870	0.690	0.437	0.984	0.661	0.077	-0.455	0.188	0.597	**0.831**			
EEBC_E	0.901	0.695	0.676	0.986	0.366	0.580	0.017	0.822	0.442	0.228	**0.834**		
EEBC_F	0.889	0.668	0.648	0.987	0.428	0.384	-0.232	0.527	0.805	0.497	0.650	**0.817**	
EEBC_RL	0.864	0.615	0.360	0.988	0.600	0.159	-0.371	0.299	0.507	0.591	0.381	0.476	**0.784**

Table 4.50

List of retained Items & Factors

Final CFA Adjusted EFA Base Model: Items & Factors for the EEBC Construct		**Factor**
EEBC.2	people protect their own interests above other considerations	**Self Interest** (EEBC_SI)
EEBC.3	people are mostly concerned about what is best for themselves	
EEBC.5	organisational members are solely concerned with the financial interests and image of the company	**Org. Interest** (EEBC_OI)
EEBC.6	decisions are primarily viewed in terms of the money they generate for the company	
EEBC.7	the major responsibility for the organisational members is to aim at cost reduction	**Efficiency** (EEBC_E)
EEBC.8	the cheapest way is always the right way for the company	
EEBC.9	each person is expected, above all, to work in a cost reductive way	
EEBC.10	inexpensive solutions to solve problems are always sought	
EEBC.11	good interpersonal contacts (both with colleagues and outsiders) are considered to be very important	**Friendship** (EEBC_F)
EEBC.12	the major concern is always what is best for the other person (whether he or she is a colleague or not)	
EEBC.13	what is best for each individual (whether citizen or colleague) is the primary concern of the organisation	
EEBC.14	it is expected that each individual (both colleague and outsider) is cared for when making decisions	
EEBC.15	the most important concern is the good of all the people in the company	**Team Interest** (EEBC_TI)
EEBC.16	the major consideration is what is best for all colleagues in the company	
EEBC.18	people have a strong sense of responsibility to the citizens they deal with	**Stakeholder Orientation** (EEBC_SO)
EEBC.19	people are actively concerned about the citizens they have direct contact with	
EEBC.20	the effect of decisions on the citizens directly dealt with is a primary concern in the company	
EEBC.23	innovative people are encouraged	**Personal Morality** (EEBC_PM)
EEBC.24	the most important consideration in the company is each employee's personal sense of what is right or wrong	
EEBC.25	personal creativity of all employees is supported	
EEBC.26	it is very important to follow strictly the company's rules and procedures	**Rules & Law** (EEBC_RL)
EEBC.27	everyone is expected to stick by the rules and procedures	
EEBC.29	people are expected to comply with law and public interests over and above other considerations	
EEBC.30	people are expected to strictly follow legal and professional standards	
EEBC.36	people hide (potential) violations before on-site inspections	**Global Perspective** (EEBC_GP)
EEBC.37	there is human rights violation	
EEBC.38	there is practice of improper contracting or violations of contract terms with customers or suppliers	
EEBC.39	there is inappropriate alteration, falsification and/or misrepresentation of your organisation's documents or records	
EEBC.40	one may lie to employees, customers, vendors or the public	
EEBC.41	there are violations of health and/or safety regulations	
EEBC.42	there is delivery of goods or services that fail to meet specification or clients' requirements	
EEBC.43	there is improper access to, disclosure of and/or use of computers or employees' personal or private information	
EEBC.44	there is retaliation against someone who has reported misconduct	
EEBC.45	stealing or theft occurs	
EEBC.46	there are violations of environment regulations	

4.5.7.3 Key observations on the assessment of the EEBC Construct

(a) Out of the 46 items that were loaded and were subject to the CFA, 35 items emerged as having acceptable loadings (between .71 and .91) under a nine-factor model confirmed through the CFA process. CMIN/df was at 3.320 (should be < 5.00 threshold), RMSEA was at .067 (threshold: < .08), CFI was less than .90 threshold with a result of .877, SRMR within the acceptable threshold of < .10 with an output of .078.

(b) Following the adjustments made, the model improved to an acceptable fit with CMIN/df coming down from 3.320 to 2.586, RMSEA improved further to .055, CFI increased from .877 at .942 and SRMR reduced from .078 to .045.

The CFA of the Baseline Model shows an acceptable to excellent fit with no discriminant or convergent validity issues. The final results have mapped in the respective cells as highlighted below.

Table 4.51

Model Fit Indices

	CMIN/df	GFI	NFI	TLI	CFI	RMSEA	SRMR
Poor	>5	<0.90	<0.90	<0.90	<0.90	>0.08	>0.10
Acceptable	3-5	>0.90	>0,90	>0,90	0.90-0.95	0.06-0.08	0.08-0.10
Excellent	<3	>0.95	>0.95	>0.95	>0.95	<0.06	<0.08
Fit type	Absolute	Absolute	Incremental	Incremental	Incremental	Absolute	Absolute

Note. Sources: Hair *et* al. (2014), Awang (2012), Hu & Bentler (1999), Schumacker & Lomax (2010)

(c) The factor structure emerging from the present study was largely found to support the latent factor structure as established by Maesschalck (2004) from a theoretical perspective.

(d) In light of the above, it is proposed that the final CFA model be used for the subsequent computation of the score and evaluation of the macro-meso-micro framework of the Conceptual Research Model.

4.5.8 Assessment of the Baseline Model (Construct: Perceived Employee Performance)

The seventh and final construct lies within the micro layer of the Conceptual Research Model, referred to as Perceived Employee Performance ("PEP"), or the Baseline Model under this section.

The PEP construct, being the third dependent or outcome variable, was measured through an adapted instrument of 19 items. Seven items originated from the scale developed to measure perceived organisational performance (Delaney & Huselid, 1996). An additional set of 12 items were considered to create a broader base needed for assessment in line with the scope of the present research and which also assisted in responding to the research questions. The 19 items measuring PEP were consolidated under a single group and were tested using the Harman's Single Factor test.

Correlations were computed and a correlation matrix was generated with the correlation coefficients for the 19 items.

The results of the KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity were as follows:

Table 4.52

KMO & Bartlett's Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.924
Bartlett's Test of Sphericity	Approx. Chi-Square	6233.726
	df	171
	Sig.	0.000

Note. $p < .001$

The KMO measure stands at .924 reflecting a strong adequacy level of the sample for factor analysis. From the result of the Bartlett's Test of Sphericity, it can be seen that the significance is less than .05.

Using Principal Component Analysis as an extraction method, a table of Communalities was generated showing the extent of variance that the respective 19 PEP items accounted for through the extracted factors. The Extraction Sums of Squared Loadings % of Variance was computed and a result of 44.2% was obtained

for one component extracted, thereby suggesting a potential multi-factor model. An attempt was made to recompute the Extraction Sums of Squared Loadings % after having removed the items with low communalities.

Four items with low communalities (< 0.30) were excluded from the set, namely PEP.12r, PEP.13r, PEP.14r and PEP.16r. The statistical procedures of computing the correlation matrix, KMO, Bartlett's test and extraction of communalities were conducted anew, and the outcomes were as follows:

Table 4.53

KMO & Bartlett's Results

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.934
Bartlett's Test of Sphericity	Approx. Chi-Square	5525.868
	df	105
	Sig.	0.000

Note. p < .001

The KMO measure improved to .934 and reflecting a strong adequacy level of the sample for factor analysis coupled with a significance of less than .05 for the Bartlett's Test of Sphericity.

Table 4.54

Communalities for PEP Items

	Initial	**Extraction**
PEP.1 …improved the quality of products, services, culture and programs comparatively.	1.000	0.459
PEP.2 …developed products, services, culture and programs better than the competition.	1.000	0.546
PEP.3 …been more able to attract the new skill and talents required for the business to stay ahead of the curve.	1.000	0.579
PEP.4 …been more able to retain top employees and talents required for the business to stay ahead of the curve.	1.000	0.557
PEP.5 …been more able to attract new clients and satisfy existing customers.	1.000	0.534
PEP.6 …witnessed strong relations prevailing between management and employees.	1.000	0.599
PEP.7 …witnessed strong relations prevailing amongst employees in general.	1.000	0.586
PEP.8 …the prevailing culture helps you to work well and deliver beyond what is expected.	1.000	0.582
PEP.9 …the prevailing ethical climate helps you to maintain your ethical stance and moral values unviolated and perform better.	1.000	0.542
PEP.10 …the prevailing ethical climate creates an environment for reporting ethical issues openly without any fear of retaliation or inaction.	1.000	0.543
PEP.11 …the leaders, managers or supervisors create the right ethical work environment for employees to perform well.	1.000	0.593
PEP.15 …the ethic programs are relevant, comprehensive, living and supportive to improve work climate and performance.	1.000	0.497
PEP.17 …employees are encouraged to use Ethics & Compliance standards and improve overall work performance.	1.000	0.481
PEP.18 …you feel the organisational climate and working environment is better than the prevailing market / external work environment.	1.000	0.439
PEP.19 …it better manages its business strategies, performance and corporate image compared to others in the market.	1.000	0.536

Table 4.55

Total Variance Explained for PEP Components

	Initial Eigenvalues			Extraction Sums of Squared Loadings		
Component	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	8.076	53.839	53.839	8.076	53.839	53.839
2	1.802	12.010	65.849			
3	0.856	5.707	71.556			
4	0.698	4.653	76.208			
5	0.507	3.379	79.587			
6	0.463	3.084	82.671			
7	0.409	2.726	85.398			
8	0.355	2.365	87.763			
9	0.318	2.120	89.882			
10	0.306	2.042	91.925			
11	0.302	2.011	93.936			
12	0.273	1.822	95.758			
13	0.237	1.581	97.339			
14	0.204	1.357	98.696			
15	0.196	1.304	100.000			

On the basis of the removal of the items with low communalities and computation of the total variances, it is noted that 53.8% of the variances can now be explained by a single factor.

A component matrix was generated with the respective loadings of the retained items and these were found to be within an acceptable range of .663 and .774, as shown in Table 4.56.

Table 4.56

Component Matrix[a] of PEP Items – Single Component

	Component 1
PEP.1 …improved the quality of products, services, culture and programs comparatively.	0.678
PEP.2 …developed products, services, culture and programs better than the competition.	0.739
PEP.3 …been more able to attract the new skill and talents required for the business to stay ahead of the curve.	0.761
PEP.4 …been more able to retain top employees and talents required for the business to stay ahead of the curve.	0.746
PEP.5 …been more able to attract new clients and satisfy existing customers.	0.731
PEP.6 …witnessed strong relations prevailing between management and employees.	0.774
PEP.7 …witnessed strong relations prevailing amongst employees in general.	0.766
PEP.8 …the prevailing culture helps you to work well and deliver beyond what is expected.	0.763
PEP.9 …the prevailing ethical climate helps you to maintain your ethical stance and moral values unviolated and perform better.	0.737
PEP.10 …the prevailing ethical climate creates an environment for reporting ethical issues openly without any fear of retaliation or inaction.	0.737
PEP.11 …the leaders, managers or supervisors create the right ethical work environment for employees to perform well.	0.770
PEP.15 …the ethic programs are relevant, comprehensive, living and supportive to improve work climate and performance.	0.705
PEP.17 …employees are encouraged to use Ethics & Compliance standards and improve overall work performance.	0.694
PEP.18 …you feel the organisational climate and working environment is better than the prevailing market / external work environment.	0.663
PEP.19 …it better manages its business strategies, performance and corporate image compared to others in the market.	0.732

Note. Extraction Method: Principal Component Analysis.
[a.] One component extracted.

The final results now suggested a single-factor model. To assess the internal reliability of the construct, Cronbach alpha tests were conducted for the 15 retained items, the results of which are shown below:

Table 4.57

Reliability Statistics – PEP Scale

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No. of Items
0.938	0.939	15

According to Hair *et*. al (2014 p.123), the generally accepted lower limit for Cronbach's alpha is .70. Anything above this threshold demonstrates satisfactory to high reliability of the entire scale. The coefficient score generated for the 15 retained items of the PEP construct is .938 confirming a high reliability. Further assessment was undertaken through the Item-Total Statistics as per Table 4.58

Table 4.58

Item-Total Statistics – PEP Scale

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
PEP.1 …improved the quality of products, services, culture and programs comparatively.	53.32	59.624	0.625	0.597	0.936
PEP.2 …developed products, services, culture and programs better than the competition.	53.35	58.810	0.692	0.668	0.934
PEP.3 …been more able to attract the new skill and talents required for the business to stay ahead of the curve.	53.34	59.071	0.718	0.687	0.933
PEP.4 …been more able to retain top employees and talents required for the business to stay ahead of the curve.	53.36	58.799	0.698	0.679	0.934
PEP.5 …been more able to attract new clients and satisfy existing customers.	53.25	59.648	0.683	0.597	0.934
PEP.6 …witnessed strong relations prevailing between management and employees.	53.32	58.470	0.727	0.681	0.933
PEP.7 …witnessed strong relations prevailing amongst employees in general.	53.27	59.158	0.721	0.656	0.933
PEP.8 …the prevailing culture helps you to work well and deliver beyond what is expected.	53.28	59.452	0.717	0.586	0.933
PEP.9 …the prevailing ethical climate helps you to maintain your ethical stance and moral values unviolated and perform better.	53.22	59.370	0.688	0.615	0.934
PEP.10 …the prevailing ethical climate creates an environment for reporting ethical issues openly without any fear of retaliation or inaction.	53.33	59.069	0.690	0.600	0.934
PEP.11 …the leaders, managers or supervisors create the right ethical work environment for employees to perform well.	53.27	58.724	0.727	0.644	0.933
PEP.15 …the ethic programs are relevant, comprehensive, living and supportive to improve work climate and performance.	53.32	59.615	0.660	0.581	0.935
PEP.17 …employees are encouraged to use Ethics & Compliance standards and improve overall work performance.	53.28	59.737	0.646	0.575	0.935
PEP.18 …you feel the organisational climate and working environment is better than the prevailing market / external work environment.	53.42	59.635	0.613	0.575	0.936
PEP.19 …it better manages its business strategies, performance and corporate image compared to others in the market.	53.35	59.436	0.691	0.610	0.934

In above table of consistency measures, the “Corrected Item to Total Correlation” values were examined and found to be acceptable as they are greater than .20. Furthermore, the “Cronbach's Alpha if Item Deleted” values for each item were also evaluated. If they were found to be greater than the calculated reliability value of .938, then the concerned item would have been dropped from the set and not considered

for further study. From the table above, there were no such items requiring to be dropped.

4.5.9 Underlying Structure of the Conceptual Research Model

The model fit of the respective constructs of the macro-meso-micro layer of the Conceptual Research Model was ascertained through established exploratory and confirmatory factor analysis processes (as and where applicable as explained in the foregoing sections). The underlying structure supporting the measurement of the relevant constructs and the Conceptual Research Model has been subsequently refined based on the statistical outcomes as shown in Figure 4.11 on page 290 of the thesis:

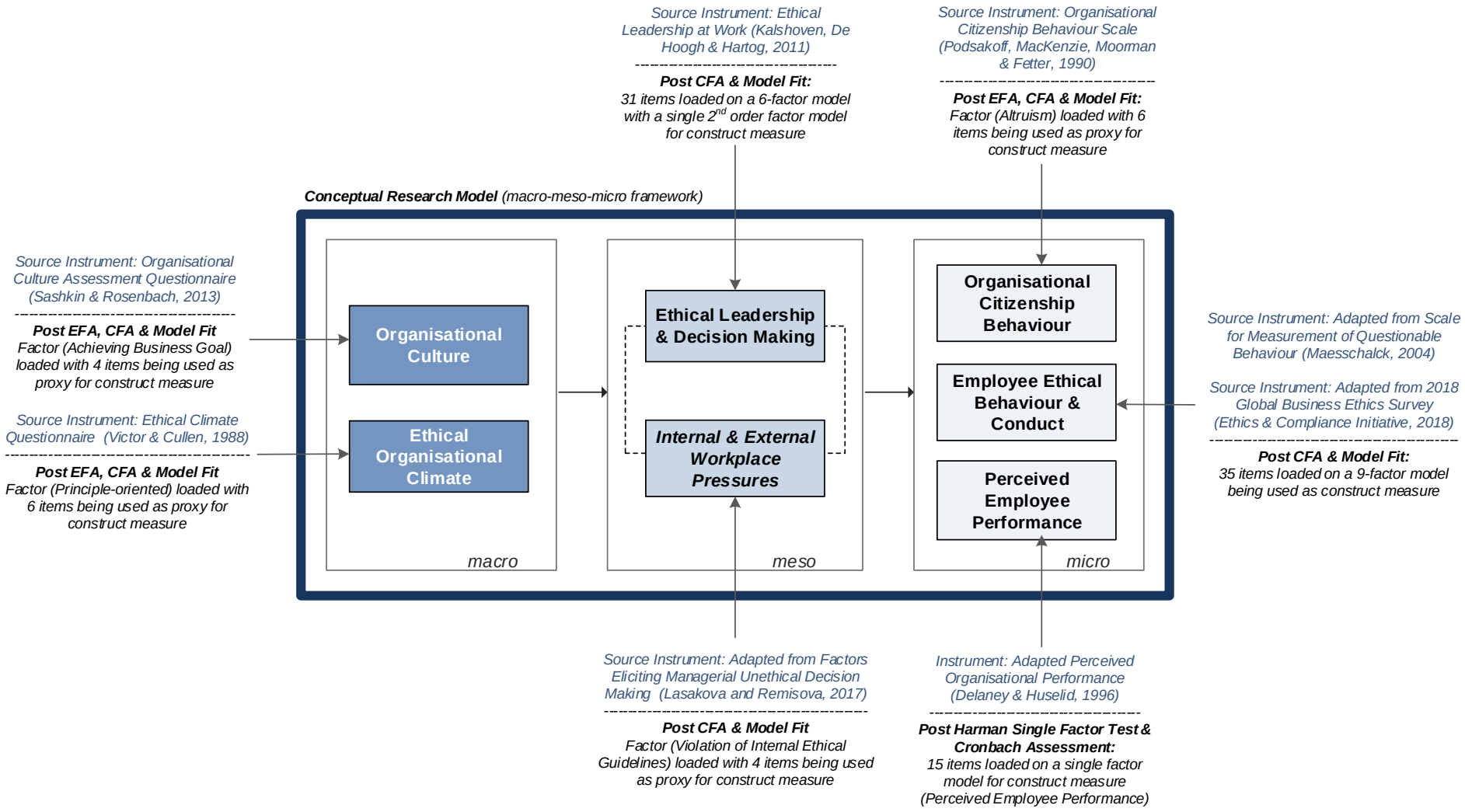


*Figure 4.11.*Underlying factor structure for measurement of constructs and Conceptual Research Model.

The supporting items presented by main and sub-constructs have been provided holistically in the Table 4.59, for the overall Conceptual Research Model, for ease of reference.

Table 4.59

Underlying details of retained items by main & sub constructs

Main Construct	Proxy for Measurement of Construct	Sub-Construct	Latent Factor Label	Items
OC	OC_FacA		Achieving Business Goals	OC.2 OC.4 OC.9 OC.11
EOC	EOC_FacA		Principle-orientation	EOC.14 EOC.15 EOC.19 EOC.21 EOC.25 EOC.27
ELDM	ELDM_PD		People Dimension	ELDM.1 ELDM.2 ELDM.3 ELDM.4 ELDM.5 ELDM.6 ELDM.7
	ELDM_F		Fairness	ELDM.8 ELDM.9 ELDM.10
	ELDM_PS		Power Sharing	ELDM.16 ELDM.17
	ELDM_CS_EG	ELDM_CS	Concern for Sustainability	ELDM.20 ELDM.21 ELDM.22
		ELDM_EG	Ethical Guidance	ELDM.23 ELDM.24 ELDM.25 ELDM.26 ELDM.27 ELDM.28 ELDM.29
	ELDM_RC		Role Clarification	ELDM.30 ELDM.31 ELDM.32 ELDM.33 ELDM.34
	ELDM_I		Integrity	ELDM.35 ELDM.36 ELDM.37 ELDM.38
IEWP	IEWP_VIEG		Violations of Internal Ethical Guidance	IEWP.2 IEWP.3 IEWP.6 IEWP.9
OCB	OCB_FacA		Altruism	OCB.13 OCB.14 OCB.15 OCB.16 OCB.22 OCB.23
EEBC	EEBC_SI		Self Interest	EEBC.2 EEBC.3
	EEBC_OI		Organisational Interest	EEBC.5 EEBC.6
	EEBC_E		Efficiency	EEBC.7 EEBC.8 EEBC.9 EEBC.10
	EEBC_F		Friendship	EEBC.11 EEBC.12 EEBC.13 EEBC.14
	EEBC_TI		Team Interest	EEBC.15 EEBC.16
	EEBC_SO		Stakeholder Orientation	EEBC.18 EEBC.19 EEBC.20
	EEBC_PM		Personal Morality	EEBC.23 EEBC.24 EEBC.25
	EEBC_RL		Rules & Law	EEBC.26 EEBC.27 EEBC.29 EEBC.30
	EEBC_GP		Global Perspective	EEBC.36 – EEBC.46
PEP			Perceived Employee Performance	PEP.1 - PEP.11 PEP.15 PEP.17 PEP.18 PEP.19

4.5.10 Constructs Descriptive Statistics

Prior to undertaking further statistical assessment to make appropriate inferences about the Conceptual Research Model and the inter-relationships of the underlying constructs that have been validated through factor analysis, it is vital to ascertain that the entire statistical framework is grounded on appropriate assumptions of normality (Das & Imon, 2016). A combination of graphical and analytical approaches has been considered to test the normality of the underlying data set being measured through the retained items and validated constructs. Model fit assessments were done earlier, where a set of predefined measures were used to assess all constructs. A similar approach has again been used to assess normality through a consistent examination of histograms, normal and detrended quantile-quantile ("Q-Q") plots and boxplots (Chambers et al., 1983). The respective constructs' data, means and standard deviations have been analysed graphically as shown in Figure 4.12 on page 293, Figure 4.13 on page 294. Figure 4.14 on page 295 and Figure 4.15 on page 296 of the thesis with the following key highlights on outcomes:

(a) The data sets (n = 523) measuring the respective constructs appear to be normally distributed;
(b) The plotted histograms show normality in distribution with different degrees of standard deviations for the various constructs. The central tendency measured through the means indicate the convergence for each construct. The computed scores were based on the outcomes of the earlier CFA exercise and retained factors.
(c) The Q-Q plots, which show the distribution of the data against the expected normal distribution have equally been examined for each construct. The observations of the measured constructs lie approximately on a straight line thereby confirming normally distributed data.
(d) Detrended Q-Q plots focussed on deviations from the normal distribution instead of examining the overall picture. The observed scores' cluster in a horizontal band close to zero thereby showing an approximately normal distribution.
(e) The plotted boxplots provide a good indication of how the values in the data are spread out for the various constructs and appear to be symmetrical in most cases.

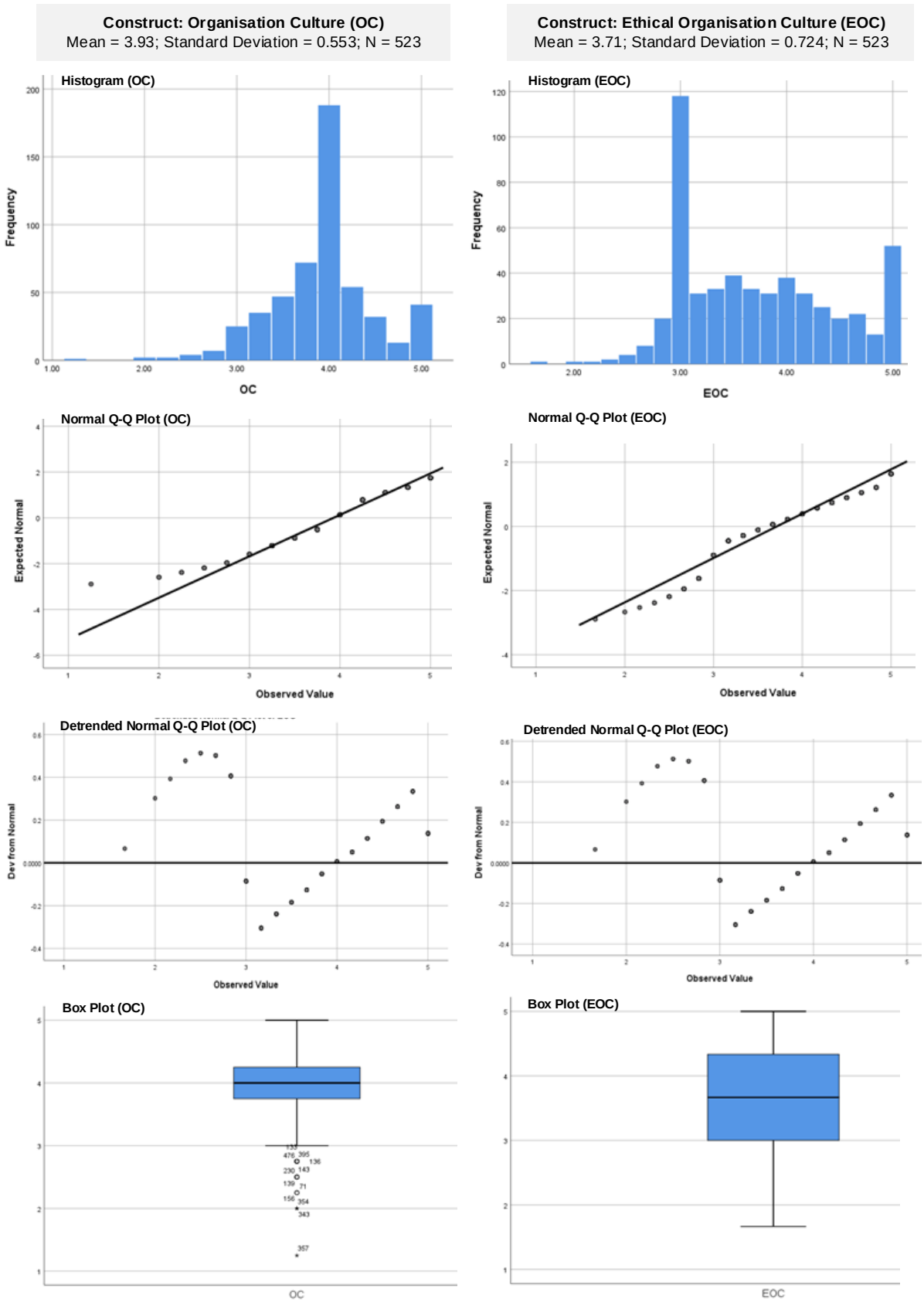


Figure 4.12. Normality assessment of measured OC and EOC constructs.

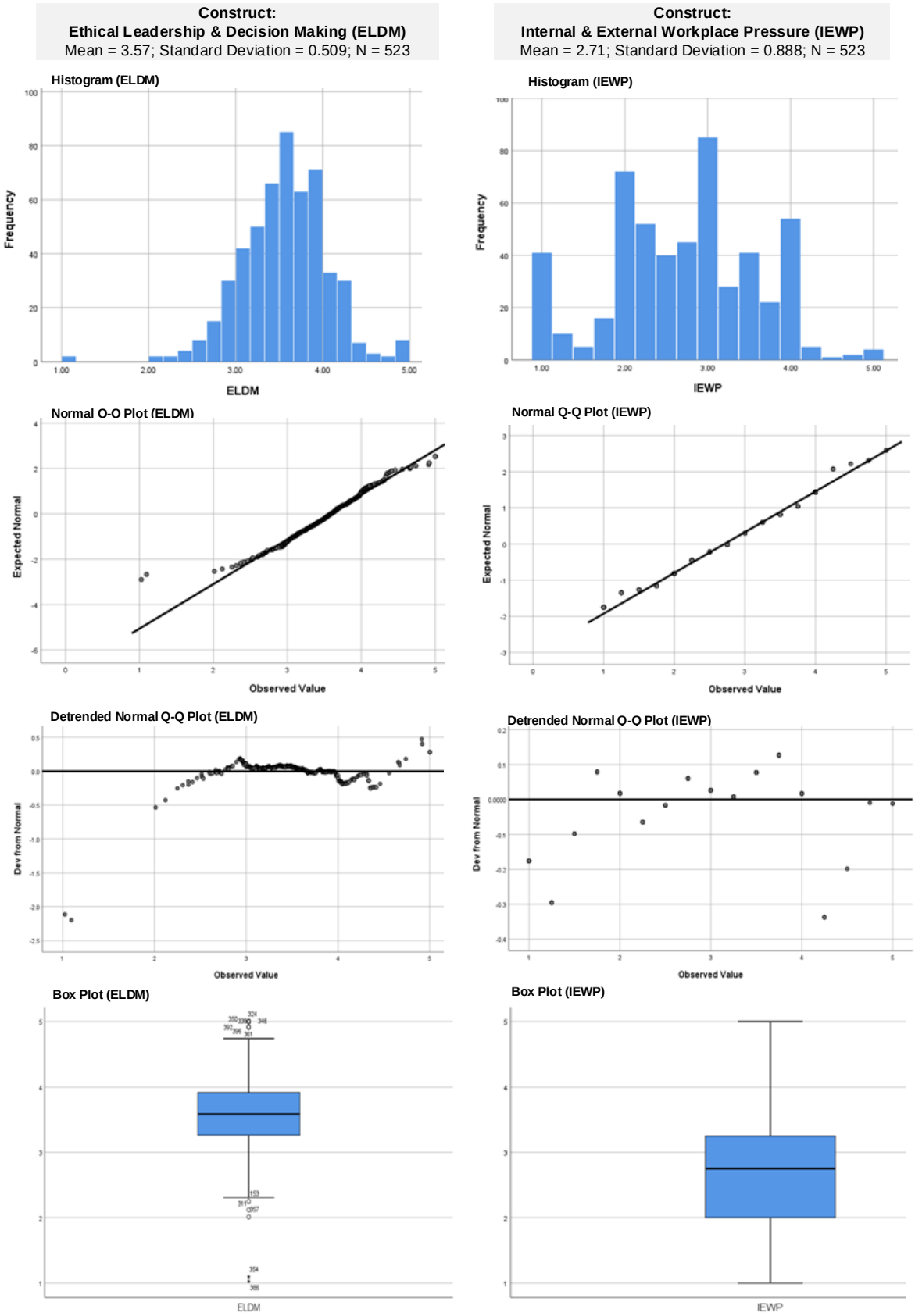


Figure 4.13. Normality assessment of measured ELDM and IEWP constructs.

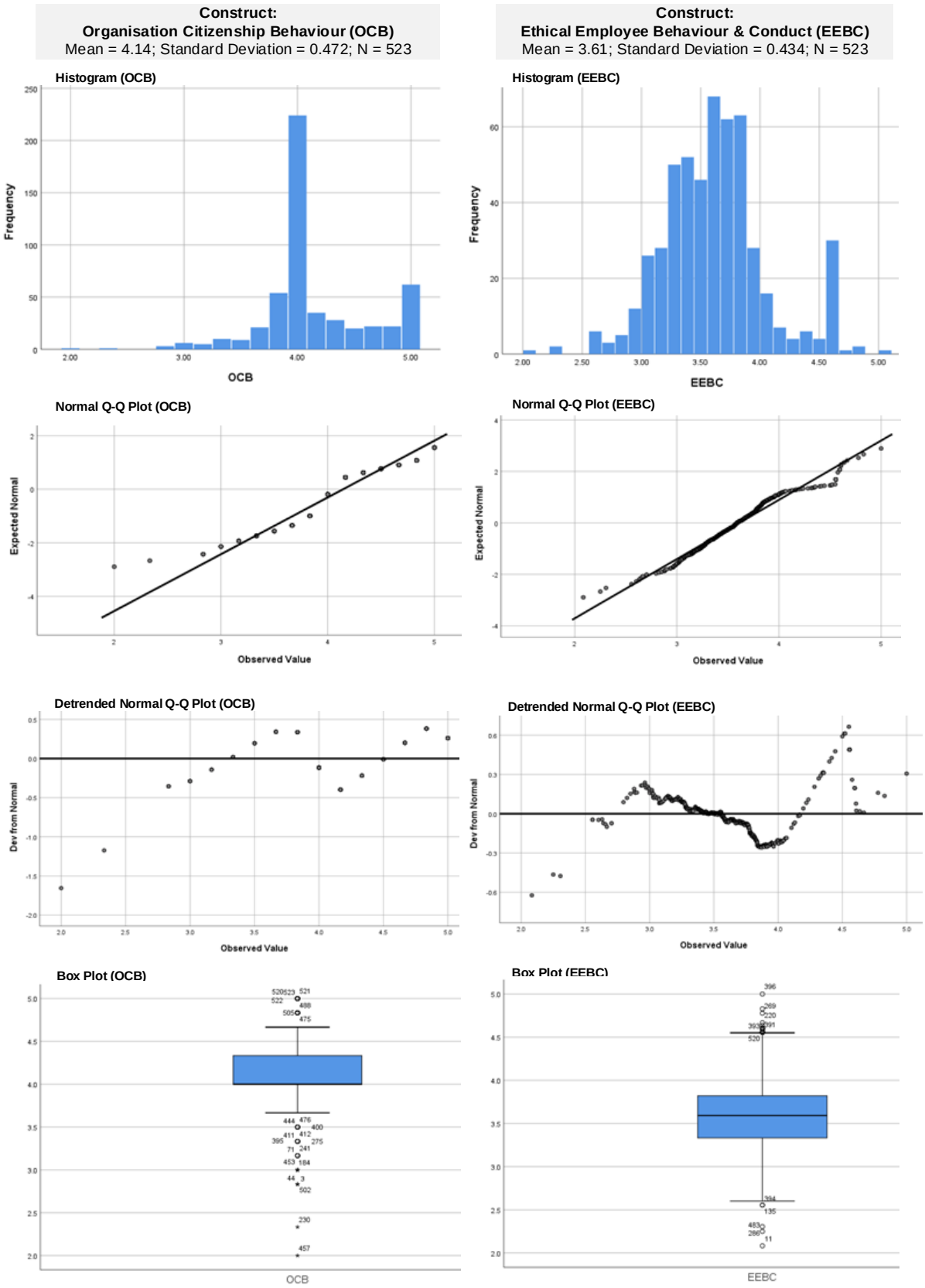


Figure 4.14. Normality assessment of measured OCB and EEBC constructs.

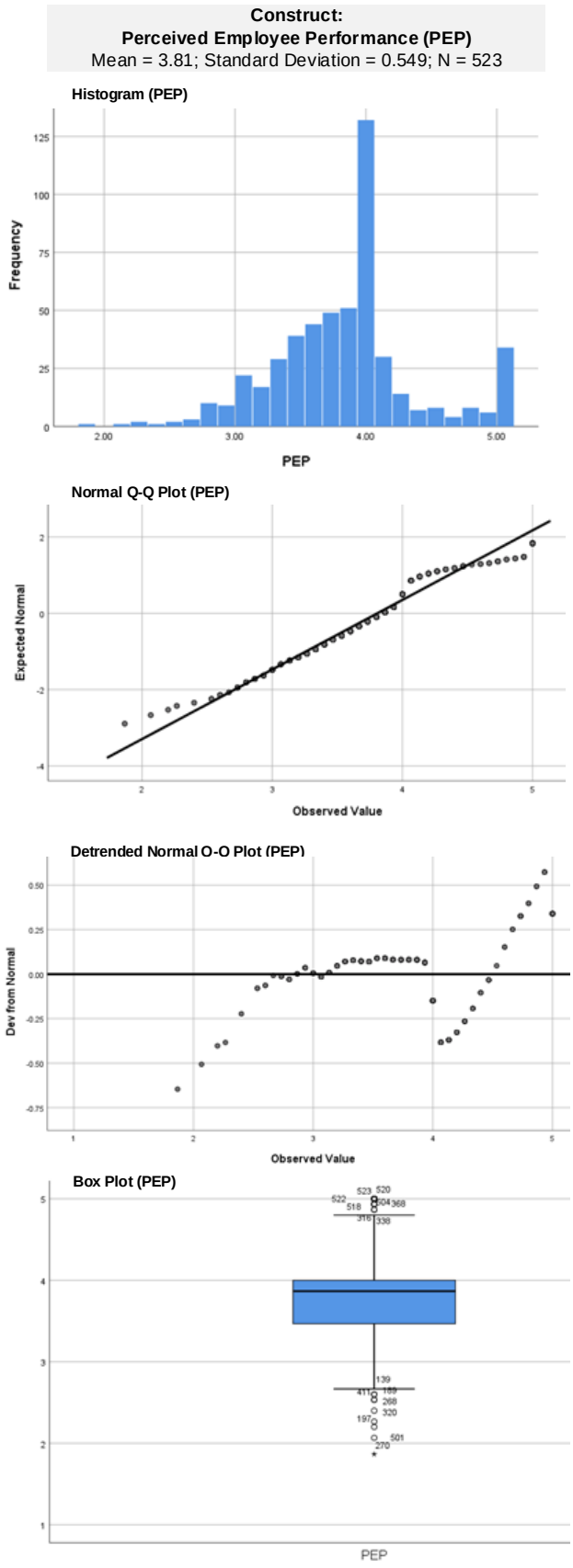


Figure 4.15. Normality assessment of measured PEP construct

Table 4.60 provides a summary of the descriptive statistics for the seven constructs including their respective sample means, standard deviations and standard error means, to ease the computation of the one-sample t test.

Table 4.60

One Sample Statistics of the Seven Constructs

Constructs	n	Mean	Std. Deviation
Organisational Culture (OC)	523	3.93	0.55288
Ethical Organisational Climate (EOC)	523	3.71	0.72411
Ethical Leadership & Decision Making (ELDM)	523	3.57	0.50863
Internal & External Workplace Pressure (IEWP)	523	2.71	0.88768
Organisational Citizenship Behaviour (OCB)	523	4.14	0.47151
Ethical Employee Behaviour & Conduct (EEBC)	523	3.61	0.43429
Perceived Employee Performance (PEP)	523	3.81	0.54856

A one sample t-test is being used to compare the mean of the sample to a known value of three (three being the hypothetical mean of the population).

- H_0 = sample mean is not equal to hypothesised mean
- H_a = sample mean is equal to hypothesised mean

Table 4.61

One Sample T-Tests of the Seven Constructs

Constructs	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Organisational Culture (OC)	38.398	522	0.000	0.92830	0.8808	0.9758
Ethical Organisational Climate (EOC)	22.524	522	0.000	0.71319	0.6510	0.7754
Ethical Leadership & Decision Making (ELDM)	25.663	522	0.000	0.57077	0.5271	0.6145
Internal & External Workplace Pressure (IEWP)	-7.487	522	0.000	-0.29063	-0.3669	-0.2144
Organisational Citizenship Behaviour (OCB)	55.519	522	0.000	1.14468	1.1042	1.1852
Ethical Employee Behaviour & Conduct (EEBC)	32.143	522	0.000	0.61040	0.5731	0.6477
Perceived Employee Performance (PEP)	33.686	522	0.000	0.80803	0.7609	0.8552

Note. "Sig." represents the p-value

Given $p < .05$ for all the respective constructs, H_0 is rejected in favour of H_a

4.5.11 Group Differences

The respondents to the survey have been classified into various independent groups namely:

- Age Group
- Socio-Economic Group
- Industry Sector

An analysis of group differences will ascertain whether the outcomes of the study of OC, EOC, ELDM, IEWP, OCB, EEBC and PEP are similar in patterns across the above three groups. This will help to answer questions such as:

- *Is the organisational culture in the local context different across age groups?*
- *Is the ethical organisational climate similar across socio-economic groups?*
- *Is the pattern of internal and external work pressure felt differently across industries?*
- *Is organisational citizenship behaviour similar across age groups? etc.*

To respond to such questions and obtain the insights on behavioural patterns across groups, Analysis of Variance (ANOVA) and Post Hoc Tests has been used to assess whether the means are different across groups and are statistically significant.

ANOVA determines whether the means of two or more groups (gender, age, socio-economic and industry) are statistically significantly different from each other. However, ANOVA does not specifically tell which group is different from each other. To determine which specific group(s) differ, Post Hoc tests has been used (Hair et al., 2014).

In the Table 4.62 on page 299, an ANOVA has first been used to determine whether any significant differences can be identified. Following this, the output tables of Post Hoc tests has been analysed to identify the specific group with statistically significant mean differences to enable further interpretation.

Examination of Means of Age Groups

To examine group differences, the homogeneity of variance was assessed amongst groups. Table 4.62 provides ANOVA results for the Age Groups. It shows that differences between groups are statistically significant for the following variables:

- OC: $F(3, 519) = 2.968$, $p < .05$
- IEWP: $F(3, 519) = 3.254$, $p < .05$
- OCB: $F(3, 519) = 3.318$, $p < .05$

Table 4.62

ANOVA (Age Groups)

		Sum of Squares	df	Mean Square	F	Sig.
OC	Between Groups	2.691	3	0.897	2.968	0.032
	Within Groups	156.870	519	0.302		
	Total	159.561	522			
EOC	Between Groups	2.217	3	0.739	1.413	0.238
	Within Groups	271.484	519	0.523		
	Total	273.701	522			
ELDM	Between Groups	1.110	3	0.370	1.434	0.232
	Within Groups	133.933	519	0.258		
	Total	135.043	522			
IEWP	Between Groups	7.594	3	2.531	3.254	0.021
	Within Groups	403.730	519	0.778		
	Total	411.324	522			
OCB	Between Groups	2.184	3	0.728	3.318	0.020
	Within Groups	113.868	519	0.219		
	Total	116.053	522			
EEBC	Between Groups	0.626	3	0.209	1.107	0.346
	Within Groups	97.826	519	0.188		
	Total	98.452	522			
PEP	Between Groups	2.135	3	0.712	2.384	0.068
	Within Groups	154.947	519	0.299		
	Total	157.082	522			

Considering that $p < .05$ for OC, IEWP and OCB, the Post Hoc Tests of Multiple Comparison were conducted on the variables using the Games-Howell test. The specificities of the group mean differences, the output results of OC, IEWP and OCB were extracted and reproduced in Table 4.63 on page 300.

Table 4.63

Post Hoc Tests (Age Groups) – Multiple Comparisons

Variables	Tests	Age groups		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
OC	Games-Howell	50-69	20-29	-.18167*	0.06892	0.044	-0.3602	-0.0032
IEWP	Games-Howell	40-49	20-29	.31221*	0.10694	0.020	0.0354	0.5890
OCB	Games-Howell	40-49	20-29	-.16801*	0.06045	0.030	-0.3244	-0.0116

Note. *. The mean difference is significant at the 0.05 level.

The results show that respondents of age groups 50-59 and 40-49 (regarded as mature and experienced persons) rated their perceptions in respect of OC, IEWP and OCB differently as compared to the younger generation of age group 20-29. A granular interpretation is provided below:

- OC – The means of age groups of 50-59 ($\overline{X}$ = 3.85, *SD* = *.59*) and 20-29 ($\overline{X}$ = 4.03, *SD* = .50) are significantly different statistically ($p < .05$). This indicates that the perception of the relatively younger generation towards the prevailing organisational culture is different from those of the older group. The younger generation sees the organisation as being more inclined towards achieving business goals, having people's consideration and work ethics as compared to the older generation. The lower rating of the perceptions of the older generation may be explained due to their longer exposure to the organisational culture and their appreciation over time.
- IEWP – A similar pattern is noted between the relatively younger generations compared to the older ones. The means of age groups of 40-49 ($\overline{X}$= 2.86, *SD* = .90) and 20-29 ($\overline{X}$ = 2.55, *SD* = .82) are significantly different statistically ($p<0.05$). The younger group sees internal and external workplace pressure to deviate from ethical guidelines as being relatively lower than their older peers.
- OCB – As regards organisation citizenship behaviour, the younger generation ($\overline{X}$ = 4.24, *SD* = .50) is relatively more inclined towards advocating for altruism, civic virtue and sportsmanship in the organisation compared to their older peers ($\overline{X}$ = 4.07, *SD* = .48). This is characterised by the statistically significantly different means ($p < .05$).

Examination of Means of Socio-Economic Groups

Table 4.64 provides ANOVA results for the Socio-Economic Groups. It shows that the mean of ELDM construct is significant, i.e., $F(3, 519) = 1.132$, $p < .05$

Table 4.64

ANOVA (Socio-Economic Groups)

Variables		Sum of Squares	df	Mean Square	F	Sig.
OC	Between Groups	0.111	3	0.037	0.120	0.948
	Within Groups	159.451	519	0.307		
	Total	159.561	522			
EOC	Between Groups	0.378	3	0.126	0.239	0.869
	Within Groups	273.323	519	0.527		
	Total	273.701	522			
ELDM	Between Groups	3.397	3	1.132	4.464	0.004
	Within Groups	131.646	519	0.254		
	Total	135.043	522			
IEWP	Between Groups	2.110	3	0.703	0.892	0.445
	Within Groups	409.214	519	0.788		
	Total	411.324	522			
OCB	Between Groups	0.713	3	0.238	1.070	0.362
	Within Groups	115.340	519	0.222		
	Total	116.053	522			
EEBC	Between Groups	0.356	3	0.119	0.628	0.597
	Within Groups	98.096	519	0.189		
	Total	98.452	522			
PEP	Between Groups	0.465	3	0.155	0.514	0.673
	Within Groups	156.617	519	0.302		
	Total	157.082	522			

Table 4.65

Post Hoc Tests (Socio-Economic Groups) – Multiple Comparisons

Variable	Tests	Socio Economic Groups		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound
ELDM	Games-Howell	AB	C1	.19006*	0.06664	0.026	0.0162	0.3639
		AB	C2	0.18420	0.07143	0.053	-0.0016	0.3700
		AB	DE	.33150*	0.10645	0.013	0.0525	0.6105

Note. *. The mean difference is significant at the 0.05 level.

The results show that respondents of socio-economic groups AB (High Class) rated their perceptions in respect of ELDM differently as compared to the other socio-economic groups C1 (Upper Middle Class) and DE (Lower Class). A granular interpretation is provided below:

- ELDM – The means of socio-economic groups of AB ($\bar{X}$ = 3.75, *SD* = .50), C2 ($\bar{X}$ = 3.56, *SD* = 0.54) and DE ($\bar{X}$ = 3.41, *SD* = .60) are significantly different statistically ($p < .05$). This indicates that the perception of the people forming part of the High Class socio economic group compared to the lower groups have a relatively stronger perception towards and inclination for ethical leadership and decision making best practices and behaviour in the organisation. This may be explained by the fact that the lower groups are also below in the hierarchical order as compared to AB class, i.e., they are more on the “receiving end” of instructions, guidelines and consideration. This therefore suggests that the low groups may see things differently from their superiors or those who are in profession or important positions.

Examination of Means of Industry Groups

Table 4.66 provides ANOVA results for the Industry Groups. It shows that mean of the following constructs as being significant:

- OC: $F(11, 511) = 3.189$, $p < .05$
- ELDM: $F(11, 511) = 2.537$, $p < .05$
- IEWP: $F(11, 511) = 2.085$, $p < .05$

Table 4.66

ANOVA (Industry Groups)

Variable		Sum of Squares	df	Mean Square	F	Sig.
OC	Between Groups	10.249	11	0.932	3.189	0.000
	Within Groups	149.312	511	0.292		
	Total	159.561	522			
EOC	Between Groups	7.765	11	0.706	1.356	0.190
	Within Groups	265.936	511	0.520		
	Total	273.701	522			
ELDM	Between Groups	6.993	11	0.636	2.537	0.004
	Within Groups	128.049	511	0.251		
	Total	135.043	522			
IEWP	Between Groups	17.667	11	1.606	2.085	0.020
	Within Groups	393.657	511	0.770		
	Total	411.324	522			
OCB	Between Groups	4.275	11	0.389	1.777	0.055
	Within Groups	111.778	511	0.219		
	Total	116.053	522			
EEBC	Between Groups	3.382	11	0.307	1.652	0.081
	Within Groups	95.070	511	0.186		
	Total	98.452	522			
PEP	Between Groups	5.501	11	0.500	1.686	0.073
	Within Groups	151.581	511	0.297		
	Total	157.082	522			

Table 4.67

Post Hoc Tests (Industry Groups) – Multiple Comparison

Variable	Test	Industry Groups		Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
OC	Games-Howell	Manufacturing	Accommodation and food service activities	-.45296*	0.11032	0.005	-0.8242	-0.0817
		Accommodation and food service activities	Manufacturing	.45296*	0.11032	0.005	0.0817	0.8242
		Accommodation and food service activities	Education	.41878*	0.11082	0.016	0.0446	0.7930
		Accommodation and food service activities	Other services	.56296*	0.12840	0.003	0.1266	0.9993
		Education	Accommodation and food service activities	-.41878*	0.11082	0.016	-0.7930	-0.0446
		Human health and social work activities	Other services	.46896*	0.12943	0.026	0.0297	0.9082
		Other services	Accommodation and food service activities	-.56296*	0.12840	0.003	-0.9993	-0.1266
		Other services	Human health and social work activities	-.46896*	0.12943	0.026	-0.9082	-0.0297
ELDM	Games-Howell	Agriculture, forestry, fishing & utilities	Accommodation and food service activities	-.34716*	0.10147	0.044	-0.6892	-0.0051
		Manufacturing	Accommodation and food service activities	-.42975*	0.09042	0.001	-0.7355	-0.1240
		Public administration and defence, compulsory social security	Accommodation and food service activities	-.42979*	0.10028	0.003	-0.7683	-0.0913
IEWP	Games-Howell	Manufacturing	Financial and insurance activities	.57229*	0.14976	0.013	0.0672	1.0774
		Accommodation and food service activities	Manufacturing	-.61998*	0.17832	0.042	-1.2277	-0.0123

Note. *. The mean difference is significant at the 0.05 level

Table 4.67 above shows that the perceptions on OC, ELDM and IEWP vary considerably amongst the different industry sectors. For instance, when assessing

IEWP, the means of Manufacturing industry ($\bar{X}$ = 3.03, *SD* = .72), the Accommodation and Food Services Activities ($\bar{X}$ = 2.41, *SD* = .89), and the Financial and Insurance Activities ($\bar{X}$ = 2.46, *SD* = .72) are significantly different statistically ($p < .05$). This indicates that the people forming part of the Manufacturing industry are almost neutral on their perceptions on internal and external pressure at their workplace. This is compared to the Accommodation, Food and Financial sectors which are more inclined towards disagreeing on the prevalence of unethical behaviour in the organisation.

4.5.12 Correlation Analysis

The computed Pearson correlation coefficients *(r or R)* between the corresponding variables have been provided below for assessment of the strength of association. The correlations were statistically significant at the .01 level (*n* = 523, 2-tailed).

Table 4.68

Pearson Correlations of Seven Key Variables

		OC	EOC	ELDM	IEWP	OCB	EEBC	PEP
OC	Pearson Correlation	1	.537**	.528**	-.475**	.428**	.356**	.597**
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.000	0.000
EOC	Pearson Correlation	.537**	1	.464**	-.429**	.531**	.467**	.588**
	Sig. (2-tailed)	0.000		0.000	0.000	0.000	0.000	0.000
ELDM	Pearson Correlation	.528**	.464**	1	-.341**	.396**	.385**	.606**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.000	0.000
IEWP	Pearson Correlation	-.475**	-.429**	-.341**	1	-.312**	-0.061	-.411**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.164	0.000
OCB	Pearson Correlation	.428**	.531**	.396**	-.312**	1	.443**	.514**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		0.000	0.000
EEBC	Pearson Correlation	.356**	.467**	.385**	-0.061	.443**	1	.531**
	Sig. (2-tailed)	0.000	0.000	0.000	0.164	0.000		0.000
PEP	Pearson Correlation	.597**	.588**	.606**	-.411**	.514**	.531**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	0.000	0.000	

Note. n = 523
**. Correlation is significant at the 0.01 level (2-tailed).

4.6 MODEL, PATH ANALYSIS & MEDIATION

4.6.1 Approach

To assess the overall Conceptual Research Model, there is a need to deconstruct the whole model into sub-models for a granular evaluation. This will enable the assessment of the effects between the predictor and outcome variables. This approach will also enable the mediating effects of ELDM and IEWP between the independent or predictor (OC & EOC) and dependent or outcome variables to be gauged (OCB, EEBC and PEP).

The Total Effect Model and the corresponding results for assessment of Total, Direct and Indirect Effects, are produced by the Hayes PROCESS Procedure for IBM SPSS Version 3.4.1 (Hayes, 2018). A 95% confidence level for all intervals was used in output. The number of bootstrap samples for percentile bootstrap confidence intervals was 5,000.

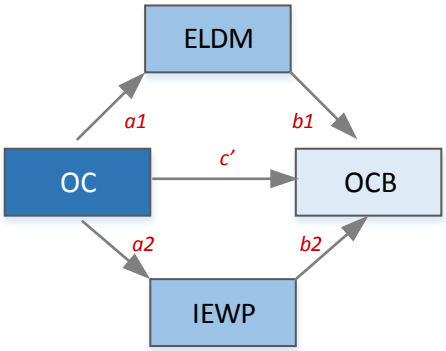
The output effect results from the Hayes PROCESS Procedure were reported both in unstandardised (*B*) and standardised (*β*) formats. To assess the effect size between the predictor and outcome variables, Cohen (1988, p.83), reference guidelines were used. According to Cohen (1988, 1992), the effect size is considered low if the value of *r* varies around .10, medium if *r* varies around .30, and large if *r* varies more than .50.

Furthermore, for the purpose of discussion and evaluation of effect size, *r* values in the range of .40 to .50 have been referred to as a *"medium to high"* effect.

The following abbreviations were used in the output tables:

R	Correlation Coefficient R	coeff	Regression Coefficient (Unstandardised)
R-sq	R Squared	SE	Standard Error
MSE	Mean Squared Error	t	t-value
F	F-test	LLCI	Lower Level Confidence Interval
df1	Degree of Freedom 1	ULCI	Upper Level Confidence Interval
df2	Degree of Freedom 2	B	Unstandardised Beta Coefficient
p	p-value	**β**	Standardised Beta Coefficient
H_0	Null Hypothesis	H_1	Alternative Hypothesis

PATH ANALYSIS: MODEL 1



TOTAL EFFECT MODEL

OUTCOME VARIABLE: OCB

MODEL SUMMARY (OC-OCB)

R	R-sq	MSE	F	df1	df2	p
0.428	0.184	0.182	117.113	1.000	521.000	0.000

MODEL (OC-OCB)

	coeff	se	t	p	LLCI	ULCI
Constant	2.709	0.134	20.230	0.000	2.446	2.972
OC	0.365	0.034	10.823	0.000	0.299	0.432

STANDARDISED COEFFICIENT (OC-OCB)

OC: 0.428

OUTCOME VARIABLE: ELDM

MODEL SUMMARY (OC-ELDM)

R	R-sq	MSE	F	df1	df2	p
0.528	0.279	0.187	201.552	1.000	521.000	0.000

MODEL (OC-ELDM)

	coeff	se	t	p	LLCI	ULCI
Constant	1.662	0.136	12.243	0.000	1.395	1.929
OC	0.486	0.034	14.196	0.000	0.419	0.553

STANDARDISED COEFFICIENT (OC-ELDM)

OC: 0.528

Figure 4.16. Path analysis of model 1.

OUTCOME VARIABLE: IEWP

MODEL SUMMARY (OC-IEWP)

R	R-sq	MSE	F	df1	df2	p
0.475	0.225	0.611	151.673	1.000	521.000	0.000

MODEL (OC-IEWP)

	coeff	se	t	p	LLCI	ULCI
Constant	5.704	0.246	23.228	0.000	5.222	6.187
OC	-0.762	0.062	-12.316	0.000	-0.884	-0.641

STANDARDISED COEFFICIENT (OC-IEWP)

OC: -0.476

OUTCOME VARIABLE: OCB

MODEL SUMMARY (OC-ELDM-IEWP-OCB)

R	R-sq	MSE	F	df1	df2	p
0.483	0.234	0.171	52.709	3.000	519.000	0.000

MODEL (OC-ELDM-IEWP-OCB)

	coeff	se	t	p	LLCI	ULCI
Constant	2.713	0.205	13.263	0.000	2.312	3.115
OC	0.219	0.042	5.285	0.000	0.138	0.301
ELDM	0.205	0.042	4.858	0.000	0.122	0.288
IEWP	-0.061	0.023	-2.591	0.010	-0.106	-0.015

STANDARDISED COEFFICIENTS (OC-ELDM-IEWP-OCB)

OC : 0.257

ELDM: 0.221

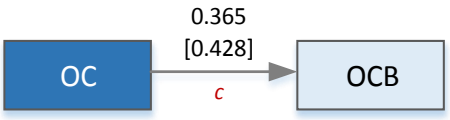
IEWP: -0.114

TOTAL, DIRECT AND INDIRECT EFFECTS OF OC ON OCB

	Effect	se	t	p	LLCI	ULCI
Total effect	0.365	0.034	10.823	0.000	0.299	0.432
Direct effect	0.219	0.042	5.285	0.000	0.138	0.301
Indirect effects	0.146	0.028			0.092	0.204

Figure 4.17 Path analysis of model 1(b)

PATH ANALYSIS: MODEL 1.1



The coefficient figures along the path, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figure is presented in square brackets underneath the unstandardised coefficient.

HYPOTHESIS

H_0: There is no direct positive linear relationship between OC and OCB

H_1: There is a direct positive linear relationship between OC and OCB

RESULTS

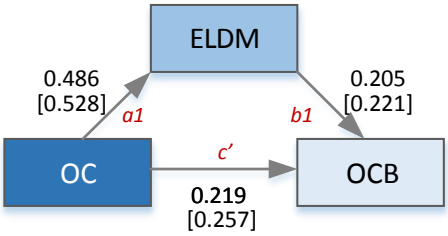
The output results are shown in the **Model Summary (OC-OCB) table in the Total Effect Model** (Figure 4.16). When assessing the relationships between OC and OCB, it shows that the correlation coefficient (*R*), which is also the standardised Beta (*β*) in a simple regression model, is .428. As the p-value is less than .01, H_0 is rejected in favour of H_1.

Hence, the results show a significant positive correlation between OC and OCB ($R = .428$, $p < .01$). Furthermore, the result as indicated by path *c* shows a Total Effect of .365 ($\beta = .428$) between OC and OCB ($B = .365$, $SE = .034$, $p < .05$, *LLCI* = .299, *ULCI* = .432). As the 95% confidence interval represented by the ranges between LLCI and ULCI does not include zero, it can infer a significant Total Effect of OC on OCB.

Furthermore, the Total Effect size of .428 between OC and OCB is considered to be of a medium to high effect, being relatively closer to the .50 (high threshold). This implies that OC has a relatively medium to high positive effect on OCB.

Figure 4.18. Path analysis of model 1.1.

PATH ANALYSIS: MODEL 1.2



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM does not significantly mediate the relationship between OC and OCB

H_1: ELDM significantly mediates the relationship between OC and OCB

RESULTS

To understand the underlying dynamics of the above model, it is being deconstructed, and the effect between the corresponding variables along each path is assessed.

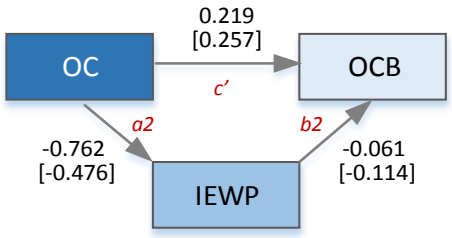
- ELDM=f(OC): OC has a positive high effect on ELDM (*β* = .528) along path *a1.* ELDM has a relatively smaller effect on OCB (*β* = .221) along path *b1*.
- Now that ELDM has been added, the Direct Effect of OC onto OCB along path *c'* is relatively smaller, indicating that mediation might be evident.
- It can further be determined whether mediation exists by interpreting the Indirect Effect of OC on OCB through ELDM as depicted by path *a1.b1*. The lower and upper limits (*LLCI* = .419, *ULCI* = .553) of the bootstrap sample distribution from the **Model (OC-ELDM) table** (Figure 4.16) does not include zero therefore, the Indirect Effect of OC on ELDM is significant (path *a1*). Furthermore, the Indirect Effect of ELDM on OCB represented by path *b1* is also significant (*LLCI* = .122, *ULCI* = .288).

In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1.
Furthermore, when examining the **Total, Direct and Indirect Effects of OC on OCB table** (Figure 4.17), it is noted that the Indirect Effect through ELDM *(a1 x b1)* is .100 (standardised coefficient of .117) with a Direct Effect of OC on OCB being .219 (standardised coefficient of .257) as depicted by path *c'* (*B* = .219, *SE* = .042, *p* < .05, *LLCI* = .138, *ULCI* = .301). The Total Effect (.365) minus Direct Effect (.219) indicates the Indirect Effects of OC on OCB through the mediating variables (0.146). The Indirect Effects are statistically significant (*LLCI* = .092, *ULCI* = .204) and represents 40% of the Total Effect. However, when assessing the constituent parts of the Indirect Effects, it is noted that ELDM accounts for 68.2% of the total Indirect Effects *(a1xb1 as a percentage of Indirect Effects)*.

Hence it can be ascertained that ELDM significantly mediates the relationship between OC and OCB. It further implies that the prevalence of ELDM in an organisation has an influence on OCB as a mediating variable between OC and OCB.

Figure 4.19. Path analysis of model 1.2.

PATH ANALYSIS: MODEL 1.3



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: IEWP does not significantly mediate the relationship between OC and OCB

H_1: IEWP significantly mediates the relationship between OC and OCB

RESULTS

OC is negatively correlated with IEWP (*R* = -.475, *p* < .01) and IEWP is also negatively correlated with OCB (*R* = -.312, *p* < .01). To determine whether mediation exists between OC and OCB through IEWP, the model is being deconstructed and the effect and statistical significance assessed accordingly:

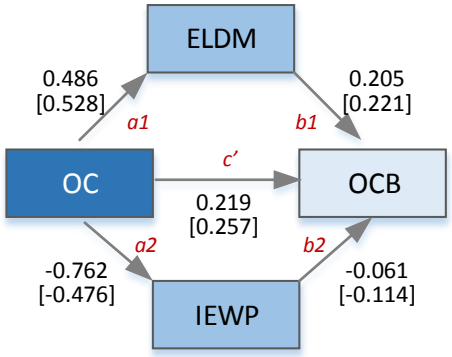
- IEWL=f(OC): OC has a relatively medium to high negative effect on IEWP (*β* = -.476) along path *a2* whilst IEWP has a relatively small effect on OCB (*β* = -.114)
- Having added IEWP in the model as a mediator, the Direct Effect of OC onto OCB is relatively smaller, indicating that mediation might be evident.
- It can further be determined whether mediation exists by interpreting the Indirect Effect of OC on OCB through IEWP as depicted by path *a2.b2*. Considering that the lower and upper limits (*LLCI* = -.884, *ULCI* = -.641) of the bootstrap sample distribution from the **Model (OC-IEWP) table** (Figure 4.17) do not include zero, the Indirect Effect of OC on IEWP is significant (path *a2*). Furthermore, the Indirect Effect of IEWP on OCB represented by path *b2* is also significant (*LLCI* = -.106, *ULCI* = -.015).

In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1. Furthermore, when examining the **Total, Direct and Indirect Effects of OC on OCB table** (Figure 4.17), it is noted that the Indirect Effect through *(a2 x b2)* IEWP is .047 (standardised coefficient of .054) with a Direct Effect of OC on OCB being .219 (standardised coefficient of .257) as depicted by path *c'* (*B* = .219, *se* = .042, *p* < .05, *LLCI* = .138, *ULCI* = .301). The Total Effect (.365) minus Direct Effect (.219) indicates the Indirect Effects of OC on OCB through the mediating variables (0.146). The Indirect Effects are statistically significant (*LLCI* = .092, *ULCI* = .204) and represents 40% of the Total Effect. However, when assessing the constituent parts of the Indirect Effects, it is noted that IEWP accounts for 31.8% of the total Indirect Effects *(a2xb2 as a percentage of Indirect Effects)*. In other words, it has a lower mediating effect as compared to ELDM.

Hence it can be ascertained that IEWP mediates the relationship between OC and OCB. It further implies that the prevalence of IEWP in an organisation has an influence on OCB as a mediating variable between OC and OCB.

Figure 4.20. Path analysis of model 1.3.

PATH ANALYSIS: MODEL 1.4



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H0: ELDM and IEWP do not significantly mediate the relationship between OC and OCB

H1: ELDM and IEWP significantly mediate the relationship between OC and OCB

RESULTS

Considering the results from **Total, Direct and Indirect Effects of OC on OCB table** (Figure 4.17), it is noted that the Indirect Effects through ELDM and IEWP are significant, as the 95% confidence interval does not include zero (*LLCI* = .092, *ULCI* = .204). It can thus be inferred that significant mediation effects exist of ELDM and IEWP between OC and OCB.

The Total Effect between OC and OCB is represented by the aggregate value of the Direct Effect of OC on OCB and the Indirect Effects of ELDM and IEWP between OC and OCB as represented by *c' + (a1 x b1) + (a2 x b2)*.

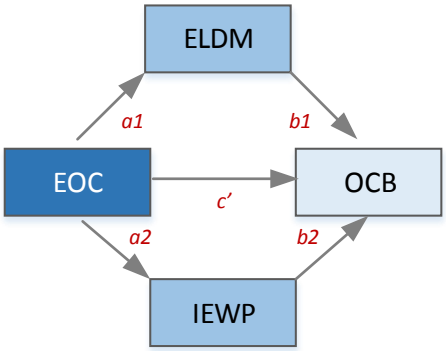
When examining a breakdown of the constituting components of the Total Effect of OC on OCB, the following is to be notes:

- The Indirect Effect of ELDM between OC and OCB represented by path *a1.b1* is .100 (standardised coefficient of .117). This represents 68.2% of the total Indirect Effects of .146 between OC and OCB.
- The Indirect Effect of IEWP between OC and OCB represented by path *a2.b2* is .047 (standardised coefficient of .054). This represents 32.2% of the total Indirect Effects of .146 between OC and OCB.
- The combined Indirect Effects of ELDM & IEWP (*β* =.146, *se* = .028, *LLCI* = .092, *ULCI* = .204)) represent 40% of the Total Effects between OC and OCB.
- The Direct Effect of OC on OCB is .219, represented by path *c',* accounts for 60% of the Total Effect of .365 between OC and OCB.
- The standardised Total Effect result of the model, i.e. (*c' + (a1 x b1) + (a2 x b2)),* is .428 as per the correlation coefficient (*R*) between OC and OCB.

On the basis of the above, it can be inferred that both ELDM and IEWP constitute have a statistically significant combined mediating effect between OC and OCB. However, ELDM has a relatively bigger mediating effect as compared to IEWP on OCB.

Figure 4.21. Path analysis of model 1.4.

PATH ANALYSIS: MODEL 2



TOTAL EFFECT MODEL

OUTCOME VARIABLE: OCB

MODEL SUMMARY (EOC-OCB)

R	R-sq	MSE	F	df1	df2	p
0.531	0.282	0.160	204.643	1.000	521.000	0.000

MODEL (EOC-OCB)

	coeff	se	t	p	LLCI	ULCI
Constant	2.861	0.091	31.282	0.000	2.681	3.040
EOC	0.346	0.024	14.305	0.000	0.298	0.393

STANDARDISED COEFFICIENT (EOC-OCB)

EOC: 0.531

OUTCOME VARIABLE: ELDM

MODEL SUMMARY (EOC-ELDM)

R	R-sq	MSE	F	df1	df2	p
0.464	0.215	0.203	142.946	1.000	521.000	0.000

MODEL (EOC-ELDM)

	coeff	se	t	p	LLCI	ULCI
Constant	2.361	0.103	22.890	0.000	2.158	2.563
EOC	0.326	0.027	11.956	0.000	0.272	0.379

STANDARDISED COEFFICIENT (EOC-ELDM)

EOC: 0.464

Figure 4.22. Path analysis of model 2

OUTCOME VARIABLE: IEWP

MODEL SUMMARY (EOC-IEWP)

R	R-sq	MSE	F	df1	df2	p
0.429	0.184	0.644	117.401	1.000	521.000	0.000

MODEL (EOC-IEWP)

	coeff	se	t	p	LLCI	ULCI
Constant	4.661	0.184	25.397	0.000	4.301	5.022
EOC	-0.526	0.049	-10.835	0.000	-0.621	-0.430

STANDARDISED COEFFICIENT (EOC-IEWP)

EOC: -0.429

OUTCOME VARIABLE: OCB

MODEL SUMMARY (EOC-ELDM-IEWP-OCB)

R	R-sq	MSE	F	df1	df2	p
0.561	0.315	0.153	79.446	3.000	519.000	0.000

MODEL (EOC-ELDM-IEWP-OCB)

	coeff	se	t	p	LLCI	ULCI
Constant	2.649	0.173	15.336	0.000	2.310	2.989
EOC	0.272	0.028	9.629	0.000	0.216	0.327
ELDM	0.165	0.039	4.269	0.000	0.089	0.241
IEWP	-0.038	0.022	-1.759	0.079	-0.081	0.004

STANDARDISED COEFFICIENTS (EOC-ELDM-IEWP-OCB)

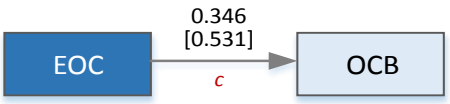
EOC : 0.418
ELDM: 0.178
IEWP: -0.072

TOTAL, DIRECT AND INDIRECT EFFECTS OF EOC ON OCB

	Effect	se	t	p	LLCI	ULCI
Total effect	0.346	0.024	14.305	0.000	0.298	0.393
Direct effect	0.272	0.028	9.629	0.000	0.216	0.327
Indirect effects	0.074	0.018			0.040	0.111

Figure 4.23. Path analysis of model 2.

PATH ANALYSIS: MODEL 2.1



The coefficient figures along the path, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figure is presented in square brackets underneath the unstandardised coefficient.

HYPOTHESIS

H_0: There is no direct positive linear relationship between EOC and OCB

H_1: There is a direct positive linear relationship between EOC and OCB

RESULTS

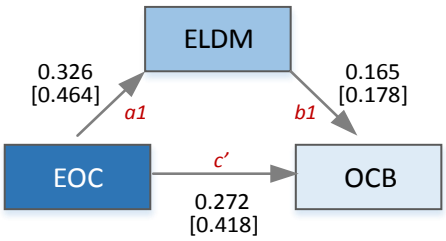
Based on the output results in **the Model Summary (EOC-OCB) table in the Total Effect Model** (Figure 4.22) and the assessment of the relationships between EOC and OCB, the correlation coefficient (R), which is also the standardised Beta (β) in simple regression model, is .531. As the p-value is less than .01, H_0 is rejected in favour of H_1.

Hence, the results show a significant positive correlation between EOC and OCB (R = .531, p < .01). Furthermore, the result as indicated by path *c* shows a Total Effect of .346 (β = .531) between EOC and OCB (B = .346, *se* = .024, p < .05, *LLCI* = .298, *ULCI* = .393). As the 95% confidence interval represented by the ranges between LLCI and ULCI does not include zero, it can be inferred that there is a statistically significant Total Effect of EOC on OCB.

Additionally, the Total Effect size of .531 between EOC-OCB is considered to be of a high effect (above .50). This implies that EOC has a high positive effect on OCB.

Figure 4.24. Path analysis of model 2.1

PATH ANALYSIS: MODEL 2.2



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM does not significantly mediate the relationship between EOC and OCB

H_1: ELDM significantly mediates the relationship between EOC and OCB

RESULTS

To assess and understand the above model, the model is being deconstructed and evaluated as follows:

- ELDM=f(EOC): EOC has a positive medium to high effect on ELDM (*β* = .464) along path *a1.* ELDM has relatively small effect on OCB (*β* = .178) along path *b1.*
- Having added ELDM to the model, the Direct Effect on OCB along path *c'* is relatively smaller (*β* = .418), indicating that mediation effect might be evident.
- It can further be determined whether mediation exists by interpreting the Indirect Effect of EOC on OCB through ELDM as depicted by path *a1.b1*. Considering the lower and upper limits (*LLCI* = .272, *ULCI* = .379) of the bootstrap sample distribution from the **Model (EOC-ELDM) table** (Figure 4.22) do not include zero, the Indirect Effect of EOC on ELDM is significant (path *a1*). Furthermore, the Indirect Effect of ELDM on OCB represented by path *b1* is also significant (*LLCI* = .089, *ULCI* = .241).

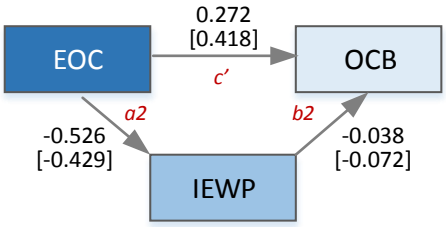
In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1.

Furthermore, when examining the **Total, Direct and Indirect Effects of EOC on OCB table** (Figure 4.23), it is noted that the Indirect Effect through ELDM *(a1 x b1)* is .054 (standardised coefficient of .083) with a Direct Effect of EOC on OCB being .272 (standardised coefficient of .418) as depicted by path *c'* (*B* = .272, *se* = .028, *p* < .05, *LLCI* = .216, *ULCI* = .327). The Total Effect (.346) minus the Direct Effect (.217) indicates the Indirect Effects of EOC on OCB through the mediating variables (.074). The Indirect Effects are statistically significant (*LLCI* = .040, *ULCI* = .111) and represents 21.4% of the Total Effect. When assessing the contribution of ELDM to the total Indirect Effects, it accounts for 112% of the total Indirect Effects *(a1xb1 as a percentage of Indirect Effects)* and has thus to be evaluated in conjunction with the other mediating variable of IEWP so to understand the combined effect.

Hence it can be ascertained that ELDM mediates the relationship between EOC and OCB. It further implies that the prevalence of ELDM in an organisation has an influence on OCB as a mediating variable between EOC and OCB.

Figure 4.25. Path analysis of model 2.2.

PATH ANALYSIS: MODEL 2.3



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: IEWP does not significantly mediate the relationship between EOC and OCB

H_1: IEWP significantly mediates the relationship between EOC and OCB

RESULTS

EOC is negatively correlated with IEWP (R = -.429, p < .01) and IEWP is also negatively correlated with OCB (R =-.312, p < .01).

To determine whether mediation exist, the model is being assessed as follows:

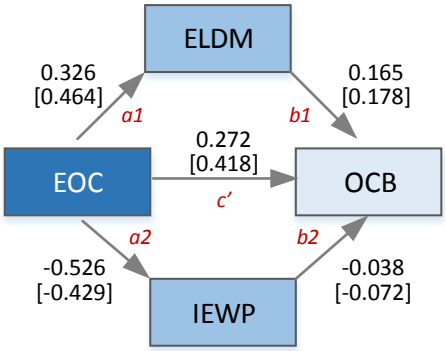
- IEWP=f(EOC): EOC has a relatively medium to high negative effect on IEWP (β = -.429) along path *a2.* IEWP has a relatively smaller negative effect on OCB (β = -.072) along path *b2*.
- Now that IEWP has been added, the Direct Effect of EOC onto OCB along path *c'* is relatively smaller (β = .418), indicating that mediation might be evident.
- It can further be determined whether mediation exists by interpreting the Indirect Effect of EOC on OCB through IEWP as depicted by path *a2.b2*. Considering the lower and upper limits (*LLCI* = -.621, *ULCI* = -.430) of the bootstrap sample distribution from the **Model (EOC-IEWP) table** (Figure 4.23) do not include zero, the Indirect Effect of EOC on IEWP is significant (path *a2*). However, the Indirect Effect of IEWP on OCB represented by path *b2* is not statistically significant (p > .05, *LLCI* = -.081, *ULCI* = .004).

In light of the above, the result is not considered to be significant and hence fails to reject H_0. Furthermore, when examining the **Total, Direct and Indirect Effects of EOC on OCB table** (Figure 4.23), it is noted that the Indirect Effect through IEWP *(a2 x b2)* is .020 with a Direct Effect of EOC on OCB being .272 (standardised coefficient of .418) as depicted by path *c'* (*B* = .219, *se* = .028, p < .05, *LLCI* = .216, *ULCI* = .327).

The Total Effect (.346) minus the Direct Effect (.272) indicates the Indirect Effects of EOC on OCB through mediating variables of (.074). The IEWP component represents 27% of the total Indirect Effects *(a2xb2 as a percentage of total Indirect Effects).* However, this cannot be considered as the result through IEWP is not statistically significant.

Figure 4.26. Path analysis of model 2.3.

PATH ANALYSIS: MODEL 2.4



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM and IEWP do not significantly mediate the relationship between EOC and OCB

H_1: ELDM and IEWP significantly mediate the relationship between EOC and OCB

RESULTS

Considering the results from **Total, Direct and Indirect Effects of EOC on OCB table** (Figure 4.23), it is noted that the Indirect Effects through ELDM and IEWP are significant as the 95% confidence interval does not include zero (*LLCI* = .040, *ULCI* = .111). It can thus infer significant mediation effects of ELDM and IEWP between OC and OCB.

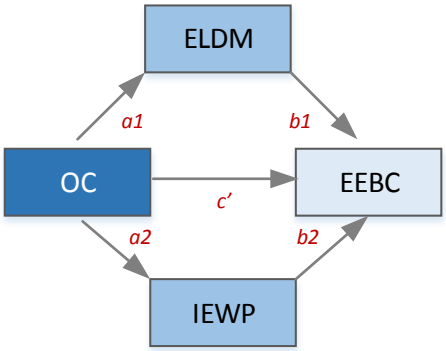
The Total Effect between EOC and OCB is represented by the aggregate value of the Direct Effect of EOC on OCB and the Indirect Effects of ELDM and IEWP between EOC and OCB as represented by *c' + (a1 x b1) + (a2 x b2)*. When examining a breakdown of the constituting components of the Total Effect of EOC on OCB, the following is noted:

- The Indirect Effect of ELDM between EOC and OCB represented by path *a1.b1* is .054 (standardised coefficient of .83).
- The Indirect Effect of IEWP between EOC and OCB represented by path *a2.b2* is .020 *(a2 x b2)*. However, as a standalone basis, this is not statistically significant.
- The combined Indirect Effects of ELDM & IEWP are however statistically significant, (*β* = .074, *se* = .018, *LLCI* = .040, *ULCI* = .111) and represent 21.4% of the Total Effects between EOC and OCB.
- The Direct Effect of EOC on OCB is .272 represented by path *c'*. This represents 78.6% of the Total Effect of .346 between EOC and OCB.
- The standardised Total Effect result of the model, i.e. *c' + (a1 x b1) + (a2 x b2),* is .531 as per the correlation coefficient (*R*) between EOC and OCB.

On the basis of the above, it can be inferred that both ELDM and IEWP constitute having a significant combined mediating effect between EOC and OCB. As observed in the earlier the analysis of mediating effects between OC and OCB, it was again found that in this particular model too that ELDM has a relatively bigger mediating effect as compared to IEWP on OCB.

Figure 4.27. Path analysis of model 2.4.

PATH ANALYSIS: MODEL 3



TOTAL EFFECT MODEL

OUTCOME VARIABLE: EEBC

MODEL SUMMARY (OC-EEBC)

R	R-sq	MSE	F	df1	df2	p
0.356	0.127	0.165	75.499	1.000	521.000	0.000

MODEL (OC-EEBC)

	coeff	se	t	p	LLCI	ULCI
Constant	2.513	0.128	19.694	0.000	2.262	2.763
OC	0.279	0.032	8.689	0.000	0.216	0.343

STANDARDISED COEFFICIENT (OC-EEBC)

OC: 0.356

OUTCOME VARIABLE: ELDM

MODEL SUMMARY (OC-ELDM)

R	R-sq	MSE	F	df1	df2	p
0.528	0.279	0.187	201.522	1.000	521.000	0.000

MODEL (OC-ELDM)

	coeff	se	t	p	LLCI	ULCI
Constant	1.662	0.136	12.243	0.000	1.395	1.929
OC	0.486	0.034	14.196	0.000	0.419	0.553

STANDARDISED COEFFICIENT (OC-ELDM)

OC: 0.528

Figure 4.28. Path analysis of model 3.

OUTCOME VARIABLE: IEWP

MODEL SUMMARY (OC-IEWP)

R	R-sq	MSE	F	df1	df2	p
0.475	0.225	0.611	151.673	1.000	521.000	0.000

MODEL (OC-IEWP)

	coeff	se	t	p	LLCI	ULCI
Constant	5.704	0.246	23.228	0.000	5.222	6.187
OC	-0.762	0.062	-12.316	0.000	-0.884	-0.641

STANDARDISED COEFFICIENT (OC-IEWP)

OC: -0.475

OUTCOME VARIABLE: EEBC

MODEL SUMMARY (OC-ELDM-IEWP-EEBC)

R	R-sq	MSE	F	df1	df2	p
0.451	0.203	0.151	44.132	3.000	519.000	0.000

MODEL (OC-ELDM-IEWP-EEBC)

	coeff	Se	t	p	LLCI	ULCI
Constant	1.610	0.192	8.380	0.000	1.233	1.987
OC	0.222	0.039	5.694	0.000	0.145	0.299
ELDM	0.251	0.040	6.336	0.000	0.173	0.329
IEWP	0.085	0.022	3.872	0.000	0.042	0.128

STANDARDISED COEFFICIENTS (OC-ELDM-IEWP-EEBC)

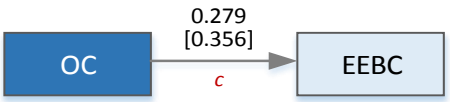
OC : 0.283
ELDM: 0.294
IEWP : 0.174

TOTAL, DIRECT AND INDIRECT EFFECTS OF OC ON EEBC

	Effect	se	t	p	LLCI	ULCI
Total effect	0.279	0.032	8.689	0.000	0.216	0.343
Direct effect	0.222	0.039	5.694	0.000	0.145	0.299
Indirect effects	0.057	0.027			0.004	0.112

Figure 4.29. Path analysis of model 3.

PATH ANALYSIS: MODEL 3.1



The coefficient figures along the path, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figure is presented in square brackets underneath the unstandardised coefficient.

HYPOTHESIS

H_0: There is no direct positive linear relationship between OC and EEBC

H_1: There is a direct positive linear relationship between OC and EEBC

RESULTS

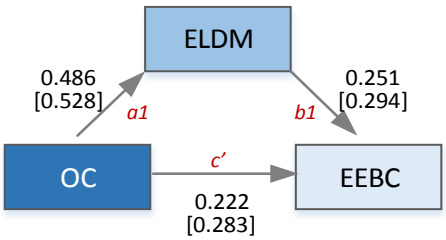
Based on the output results in the **Model Summary (OC-EEBC) table in the Total Effect Model** (Figure 4.28) and the assessment of the relationships between OC and EEBC, the correlation coefficient (R), which is also the standardised Beta (β) in simple regression model, is .356. As the p-value is less than .01, H_0 is rejected in favour of H_1.

Hence, the results show a significant positive correlation between OC and EEBC (R = .356, p < .01). Furthermore, the result as indicated by path *c* shows a Total Effect of .279 (β = .356) between OC and EEBC (B = .279, *se* = .032, p < .05, *LLCI* = .216, *ULCI* = .343). As the 95% confidence interval represented by the ranges between LLCI and ULCI does not include zero, it can be inferred significant Total Effect of OC on EEBC.

Additionally, the Total Effect size of 0.356 between OC and EEBC is considered to be of a medium effect. This implies that OC has a medium positive effect on EEBC.

Figure 4.30. Path analysis of model 3.1.

PATH ANALYSIS: MODEL 3.2



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM does not significantly mediate the relationship between OC and EEBC

H_1: ELDM significantly mediates the relationship between OC and EEBC

RESULTS

To assess and understand the above model, the corresponding variables are being evaluated as follows:

- ELDM=f(OC): EOC has a positive high effect on ELDM (*β* = .528) along path *a1.* ELDM has relatively small effect on EEBC (*β* = .294) along path *b1.*
- Having added ELDM to the model, the Direct Effect on EEBC along path *c'* is relatively smaller (*β* = .283), indicating that mediation effect might be evident.
- It can be determined whether mediation exists by interpreting the Indirect Effect of OC on EEBC through ELDM as depicted by path *a1.b1*. Considering the lower and upper limits (*LLCI* = .419, *ULCI* = .553) of the bootstrap sample distribution from the **Model (OC-ELDM) table** (Figure 4.28) do not include zero, the Indirect Effect of OC on ELDM is significant (path *a1*). Furthermore, the Indirect Effect of ELDM on EEBC represented by path *b1* is also significant (*LLCI* = .173, *ULCI* = .329).

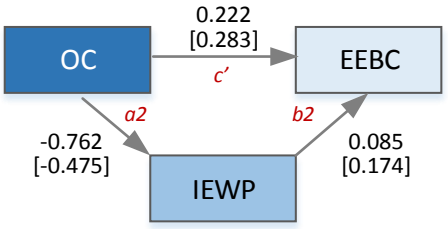
In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1.

Furthermore, when examining the **Total, Direct and Indirect Effects of OC on EEBC table** (Figure 4.29), it is noted that the Indirect Effect through ELDM *(a1 x b1)* is .123 (standardised coefficient of .155) with a Direct Effect of OC on EEBC being .222 (standardised coefficient of .283) as depicted by path *c'* (*B* = .222, *se* = .039, *p* < .05, *LLCI* = .145, *ULCI* = .229).

The Total Effect (.279) minus the Direct Effect (.222) indicates the Indirect Effects of OC on EEBC through mediating variables (.057). The Indirect Effects are statistically significant (*LLCI* = .004, *ULCI* = .112) and accounts for 20.4% of the Total Effects.

Figure 4.31. Path analysis of model 3.2.

PATH ANALYSIS: MODEL 3.3



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: IEWP does not significantly mediate the relationship between OC and EEBC

H_1: IEWP significantly mediates the relationship between OC and EEBC

RESULTS

OC is negatively correlated with IEWP (R = -.475, p < .01) and IEWP has a small insignificant negative correlation with EEBC (R = -.061, p > .01).

To determine whether mediation exist, the model is being assessed as follows:

- IEWP=f(OC): OC has a relatively medium to high negative effect on IEWP (β = -.475) along path *a2.* IEWP has a relatively smaller negative effect on EEBC (β = -.174) along path *b2*.
- Now that IEWP has been added, the Direct Effect of OC onto EEBC along path *c'* is relatively smaller (β = .283), indicating that mediation might be evident.
- It can further be determined whether mediation exists by interpreting the Indirect Effect of OC on EEBC through IEWP as depicted by path *a2.b2*. Considering the lower and upper limits (*LLCI* = -.884, *ULCI* = -.641) of the bootstrap sample distribution from the **Model (OC-IEWP) table** (Figure 4.29) do not include zero, the Indirect Effect of OC on IEWP is significant (path *a2*). The Indirect Effect of IEWP on EEBC represented by path *b2* is also significant (p < .05, *LLCI* = -.042, *ULCI* = .128).

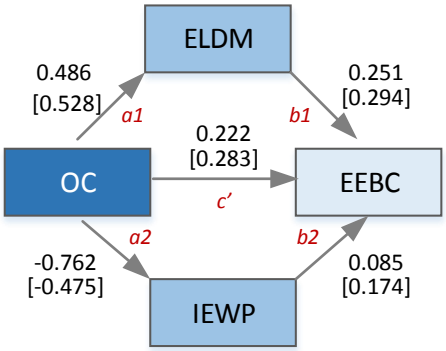
In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1. Furthermore, when examining the **Total, Direct and Indirect Effects of OC on EEBC table** (Figure 4.29), it is noted that the Indirect Effect through IEWP *(a2 x b2)* is -.065 (standardised coefficient of -.083) with a Direct Effect of OC on EEBC being .222 (standardised coefficient of .283) as depicted by path *c'* (*B* = .222, *se* = .039, p < .05, *LLCI* = .145, *ULCI* = .299).

The Total Effect (.279) minus the Direct Effect (.222) indicates that Indirect Effects of OC on EEBC through the mediating variables (.057). The Indirect Effects are statistically significant (*LLCI* = .004, *ULCI* = .112) and represents 20.4% of the Total Effect.

Hence it can be ascertained that IEWP has a negative mediation effect on EEBC indicating that a growing prevalence of IEWP in the organisation would have a counterproductive mediating effect on EEBC.

Figure 4.32. Path analysis of model 3.3.

PATH ANALYSIS: MODEL 3.4



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM and IEWP do not significantly mediate the relationship between OC and EEBC

H_1: ELDM and IEWP significantly mediate the relationship between OC and EEBC

RESULTS

Considering the results from **Total, Direct and Indirect Effects of OC on EEBC table** (Figure 4.29), it is noted that the Indirect Effects through ELDM and IEWP are significant as the 95% confidence interval does not include zero (*LLCI* = .004, *ULCI* = .112). It can thus be inferred that there are statistically significant mediation effects of ELDM and IEWP between OC and EEBC.

The Total Effect between OC and EEBC is represented by the aggregate value of the Direct Effect of OC on EEBC and the Indirect Effects of ELDM and IEWP between OC and EEBC as represented by *c' + (a1 x b1) + (a2 x b2).*

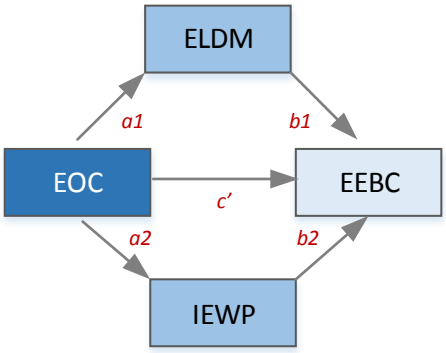
When examining a breakdown of the constituting components of the Total Effect of OC on EEBC, the following is noted:

- The Indirect Effect of ELDM between OC and EEBC represented by path *a1.b1* is .122 (standardised coefficient of .155).
- The Indirect Effect of IEWP between OC and EEBC represented by path *a2.b2* is -.065 (standardised coefficient of -.083).
- The combined Indirect Effects of ELDM & IEWP (*β* = .057, *se* = .027, *LLCI* = .004, *ULCI* = .112) represent 20.4% of the Total Effects between OC and EEBC.
- The Direct Effect of OC on EEBC is .222 represented by path *c'.* This represents 79.6% of the Total Effect of .279 between OC and EEBC.
- The standardised Total Effect result of the model, i.e. (*c' + (a1 x b1) + (a2 x b2)*), is .356 as per the correlation coefficient (*R*) between OC and EEBC.

On the basis of the above, it can be inferred that both ELDM and IEWP constitute having a statistically significant combined mediating effect between OC and EEBC. However, ELDM has a relatively bigger mediating effect as compared to IEWP on EEBC.

Figure 4.33. Path analysis of model 3.4.

PATH ANALYSIS: MODEL 4



TOTAL EFFECT MODEL

OUTCOME VARIABLE: EEBC

MODEL SUMMARY (EOC-EEBC)

R	R-sq	MSE	F	df1	df2	p
0.467	0.218	0.148	145.484	1.000	521.000	0.000

MODEL (EOC-OCB)

	coeff	se	t	p	LLCI	ULCI
Constant	2.570	0.088	29.242	0.000	2.397	2.743
EOC	0.280	0.023	12.062	0.000	0.235	0.326

STANDARDISED COEFFICIENT (EOC-OCB)

EOC: 0.467

OUTCOME VARIABLE: ELDM

MODEL SUMMARY (EOC-ELDM)

R	R-sq	MSE	F	df1	df2	p
0.464	0.215	0.203	142.946	1.000	521.000	0.000

MODEL (EOC-ELDM)

	coeff	se	t	p	LLCI	ULCI
Constant	2.361	0.103	22.890	0.000	2.158	2.563
EOC	0.326	0.027	11.956	0.000	0.272	0.379

STANDARDISED COEFFICIENT (EOC-ELDM)

EOC: 0.464

Figure 4.34. Path analysis of model 4.

OUTCOME VARIABLE: IEWP

MODEL SUMMARY (EOC-IEWP)

R	R-sq	MSE	F	df1	df2	p
0.429	0.184	0.644	117.401	1.000	521.000	0.000

MODEL (EOC-IEWP)

	coeff	se	t	p	LLCI	ULCI
Constant	4.661	0.184	25.397	0.000	4.301	5.022
EOC	-0.526	0.049	-10.835	0.000	-0.621	-0.430

STANDARDISED COEFFICIENT (EOC-IEWP)

EOC: -0.429

OUTCOME VARIABLE: EEBC

MODEL SUMMARY (EOC-ELDM-IEWP-EEBC)

R	R-sq	MSE	F	df1	df2	p
0.539	0.291	0.135	70.875	3.000	519.000	0.000

MODEL (EOC-ELDM-IEWP-EEBC)

	coeff	se	t	p	LLCI	ULCI
Constant	1.571	0.162	9.704	0.000	1.253	1.889
EOC	0.265	0.026	10.017	0.000	0.213	0.317
ELDM	0.216	0.036	5.958	0.000	0.145	0.287
IEWP	0.105	0.020	5.164	0.000	0.065	0.145

STANDARDISED COEFFICIENTS (EOC-ELDM-IEWP-EEBC)

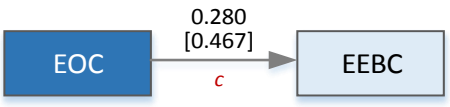
EOC : 0.442
ELDM: 0.253
IEWP : 0.215

TOTAL, DIRECT AND INDIRECT EFFECTS OF EOC ON EEBC

	Effect	se	t	p	LLCI	ULCI
Total effect	0.280	0.023	12.062	0.000	0.235	0.326
Direct effect	0.265	0.026	10.017	0.000	0.213	0.317
Indirect effects	0.015	0.017			-0.017	0.048

Figure 4.35. Path analysis of model 4.

PATH ANALYSIS: MODEL 4.1



The coefficient figures along the path, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figure is presented in square brackets underneath the unstandardised coefficient.

HYPOTHESIS

H_0: There is no direct positive linear relationship between EOC and EEBC

H_1: There is a direct positive linear relationship between EOC and EEBC

RESULTS

Based on the output results in the **Model Summary (EOC-EEBC) table in the Total Effect Model** (Figure 4.34), an assessment of the relationships between EOC and EEBC was conducted. The correlation coefficient (*R*), which is also standardised Beta (*β*) in simple regression model, is .467. As the p-value is less than .01, H_0 is rejected in favour of H_1.

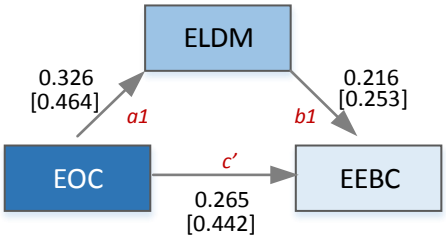
Hence, the results show a significant positive correlation between EOC and EEBC ($R = .467$, $p < .01$).

Furthermore, the result as indicated by path *c* shows a Total Effect of .280 ($\beta = .467$) between EOC and EEBC (*B* = .280, *se* = .023, $p < .05$, *LLCI* = .235, *ULCI* = .326). As the 95% confidence interval represented by the range between LLCI and ULCI does not include zero, it infers statistically significant Total Effect of EOC on EEBC.

Additionally, the Total Effect size of .467 between EOC and EEBC is considered to be a medium to high effect being relatively closer to the .50 (high threshold). This implies that EOC has a relatively medium to high positive effect of EEBC.

Figure 4.36. Path analysis of model 4.1.

PATH ANALYSIS: MODEL 4.2



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM does not significantly mediate the relationship between EOC and EEBC

H_1: ELDM significantly mediates the relationship between EOC and EEBC

RESULTS

To assess and understand the above model, the corresponding variables are being assessed as follows:

- ELDM=f(EOC): EOC has a positive high effect on ELDM (β =.464) along path *a1.* ELDM has relatively small effect on EEBC (β = .253) along path *b1.*
- Having added ELDM to the model, the Direct Effect on EEBC along path *c'* (β = .442) is relatively close to the Total Effect of EOC on EEBC, indicating that mediation effect might not be evident.
- It can further be determined whether mediation exists by interpreting the Indirect Effect of EOC on EEBC through ELDM as depicted by path *a1.b1*. Considering the lower and upper limits (*LLCI* = .272, *ULCI* = .379) of the bootstrap sample distribution from the **Model (EOC-ELDM) table** (Figure 4.34) do not include zero, the Indirect Effect of EOC on ELDM is significant (path *a1*). Furthermore, the Indirect Effect of ELDM on EEBC represented by path *b1* is also significant (*LLCI* = .145, *ULCI* = .287).

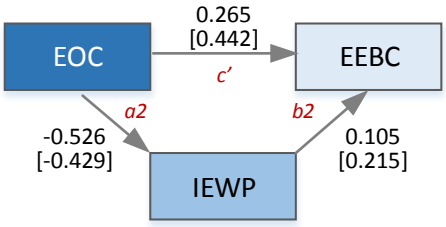
In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1.

Furthermore, when examining the **Total, Direct and Indirect Effects of EOC on EEBC table** (Figure 4.35) it is noted that the Indirect Effect through ELDM *(a1 x b1)* is .070 (standardised coefficient of .117) with a Direct Effect of EOC on EEBC being .265 (standardised coefficient of .442) as depicted by path *c'* (*B* = .265, *se* = .026, *p* < .05, *LLCI* = .213, *ULCI* = .317).

The Total Effect (.280) minus the Direct Effect (.265) indicates the Indirect Effects of EOC on EEBC through the mediating variables (.015). However, the Indirect Effects are not statistically significant (*LLCI* = -.017, *ULCI* = .048) despite ELDM is statistically mediating significantly on EEBC.

Figure 4.37. Path analysis of model 4.

PATH ANALYSIS: MODEL 4.3



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: IEWP does not significantly mediate the relationship between EOC and EEBC

H_1: IEWP significantly mediates the relationship between EOC and EEBC

RESULTS

EOC is negatively correlated with IEWP (*R* = -.429, *p* < .01) and IEWP has a small statistically insignificant negative correlation with EEBC (*R* = -.061, *p* > .01).

To determine whether mediation exist, the model is being assessed as follows:

- IEWP=f(EOC): EOC has a relatively medium to high negative effect on IEWP (*β* = -.429) along path *a2.* IEWP has a relatively smaller positive effect on EEBC (*β* = .215), on a standalone basis, along path *b2*.
- Now that IEWP has been added, the Direct Effect of EOC onto EEBC along path *c'* (*β* = .442) is relatively close to the Total Effect of EOC on EEBC, indicating that mediation effect might not be evident.
- It can be determined whether mediation exists by interpreting the Indirect Effect of EOC on EEBC through IEWP as depicted by path *a2.b2*. Considering the lower and upper limits (*LLCI* = -.621, *ULCI* = -.430) of the bootstrap sample distribution from the **Model (EOC-IEWP) table** (Figure 4.35) do not include zero, the Indirect Effect of EOC on IEWP is significant (path *a2*). The Indirect Effect of IEWP on EEBC represented by path *b2* is also significant (*p* < .05, *LLCI* = -.065, *ULCI* =.145).

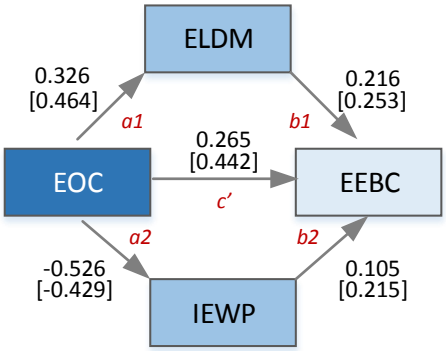
In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1

Furthermore, when examining the **Total, Direct and Indirect Effects of EOC on EEBC table** (Figure 4.35), it is noted that the Indirect Effect through IEWP *(a2 x b2)* is -.055 (standardised coefficient of -.092) with a Direct Effect of EOC on EEBC being .265 (standardised coefficient of .442) as depicted by path *c'* (*B* = .265, *se* = .026, *p* < .05, *LLCI* = .213, *ULCI* = .317).

The Total Effect (.280) minus the Direct Effect (.265) indicates the Indirect Effects of EOC on EEBC through the mediating variables (.015). However, the Indirect Effects are not statistically significant (*LLCI* = -.017, *ULCI* = .048) despite IEWP is statistically mediating significantly on EEBC.

Figure 4.38. Path analysis of model 4.3.

PATH ANALYSIS: MODEL 4.4



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM and IEWP do not significantly mediate the relationship between EOC and EEBC

H_1: ELDM and IEWP significantly mediate the relationship between EOC and EEBC

RESULTS

Considering the results from **Total, Direct and Indirect Effects of EOC on EEBC table** (Figure 4.35), it is noted that the Indirect Effects through ELDM and IEWP are not statistically significant as the 95% confidence interval includes zero (*LLCI* = -.017, *ULCI* = .048). It cannot thus be inferred that there are statistically significant mediation effects of ELDM and IEWP between EOC and EEBC and hence fail to reject H_0.

The Total Effect between EOC and EEBC is represented by the aggregate value of the Direct Effect of EOC on EEBC and the Indirect Effects of ELDM and IEWP between EOC and EEBC as represented by *c' + (a1 x b1) + (a2 x b2)*.

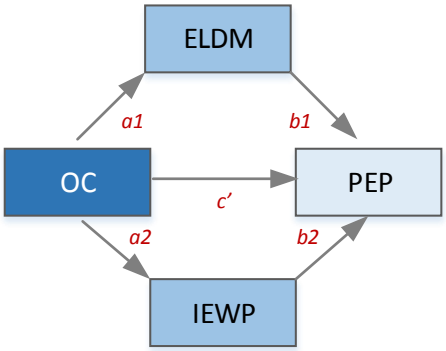
When examining a breakdown of the constituting components of the Total Effect of EOC on EEBC, the following is noted:

- The Indirect Effect of ELDM between EOC and EEBC represented by path *a1.b1* is .070 (standardised coefficient of .117).
- The Indirect Effect of IEWP between EOC and EEBC represented by path *a2.b2* is -.055 (standardised coefficient of -.092).
- The combined Indirect Effects of ELDM & IEWP (*β* = .015, *se* = .017, *LLCI* = -.017, *ULCI* = .048) being statistically not significant.
- The Direct Effect of EOC on EEBC is .265 represented by path *c'*. This represents 94.6% of the Total Effect of .280 between EOC and EEBC.

On the basis of the above and considering that the LLCI and ULCI range comprises of zero, it cannot be inferred that both ELDM and IEWP constitute having a statistically significant combined mediating effect between EOC and EEBC. However, ELDM has a relatively bigger mediating effect as compared to IEWP on EEBC when assessed individually.

Figure 4.39. Path analysis of model 4.4.

PATH ANALYSIS: MODEL 5



TOTAL EFFECT MODEL

OUTCOME VARIABLE: PEP

MODEL SUMMARY (OC-PEP)

R	R-sq	MSE	F	df1	df2	p
0.597	0.356	0.194	288.073	1.000	521.000	0.000

MODEL (OC-PEP)

	coeff	se	t	p	LLCI	ULCI
Constant	1.482	0.138	10.712	0.000	1.210	1.754
OC	0.592	0.035	16.973	0.000	0.524	0.661

STANDARDISED COEFFICIENT (OC-PEP)

OC: 0.597

OUTCOME VARIABLE: ELDM

MODEL SUMMARY (OC-ELDM)

R	R-sq	MSE	F	df1	df2	p
0.528	0.279	0.187	201.522	1.000	521.000	0.000

MODEL (OC-ELDM)

	coeff	se	t	p	LLCI	ULCI
Constant	1.662	0.136	12.243	0.000	1.395	1.929
OC	0.486	0.034	14.196	0.000	0.419	0.553

STANDARDISED COEFFICIENT (OC-ELDM)

OC: 0.528

Figure 4.40. Path analysis of model 5.

OUTCOME VARIABLE: IEWP

MODEL SUMMARY (OC-IEWP)

R	R-sq	MSE	F	df1	df2	p
0.475	0.225	0.611	151.673	1.000	521.000	0.000

MODEL (OC-IEWP)

	coeff	se	t	p	LLCI	ULCI
Constant	5.704	0.246	23.228	0.000	5.222	6.187
OC	-0.762	0.062	-12.316	0.000	-0.884	-0.641

STANDARDISED COEFFICIENT (OC-IEWP)

OC: -0.475

OUTCOME VARIABLE: PEP

MODEL SUMMARY (OC-ELDM-IEWP-PEP)

R	R-sq	MSE	F	df1	df2	p
0.696	0.485	0.156	162.698	3.000	519.000	0.000

MODEL (OC-ELDM-IEWP-PEP)

	coeff	se	t	p	LLCI	ULCI
Constant	1.207	0.195	6.186	0.000	0.824	1.591
OC	0.332	0.040	8.374	0.000	0.254	0.410
ELDM	0.419	0.040	10.405	0.000	0.340	0.499
IEWP	-0.074	0.022	-3.322	0.001	-0.118	-0.030

STANDARDISED COEFFICIENTS (OC-ELDM-IEWP-PEP)

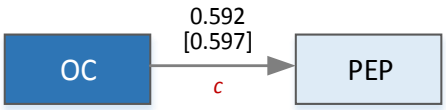
OC : 0.334
ELDM: 0.389
IEWP : -0.120

TOTAL, DIRECT AND INDIRECT EFFECTS OF OC ON PEP

	Effect	se	t	p	LLCI	ULCI
Total effect	0.592	0.035	16.973	0.000	0.524	0.661
Direct effect	0.332	0.040	8.374	0.000	0.254	0.410
Indirect effects	0.260	0.030			0.206	0.322

Figure 4.41. Path analysis of model 5.a.

PATH ANALYSIS: MODEL 5.1



The coefficient figures along the path, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figure is presented in square brackets underneath the unstandardised coefficient.

HYPOTHESIS

H_0: There is no direct positive linear relationship between OC and PEP

H_1: There is a direct positive linear relationship between OC and PEP

RESULTS

Based on the output results in the **Model Summary (OC-PEP) table in the Total Effect Model** (Figure 4.40), an assessment of the relationships between OC and PEP was conducted. The correlation coefficient (*R*), which is also the standardised Beta (*β*) in simple regression model, is .597. As the p-value is less than .01, H_0 is rejected in favour of H_1.

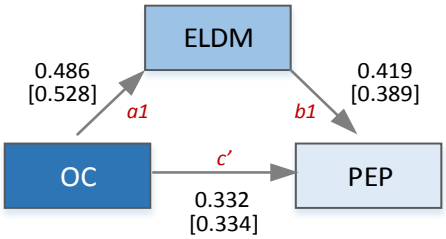
Hence, the results show a statistically significant positive correlation between OC and PEP ($R = .597$, $p < .01$).

Furthermore, the result as indicated by path *c* shows a Total Effect of .592 ($\beta = .597$) between OC and PEP ($B = .592$, $se = .035$, $p < .05$, $LLCI = .524$, $ULCI = .661$). As the 95% confidence interval represented by the range between LLCI and ULCI does not include zero, it can be inferred that there is statistically significant Total Effect of OC on PEP.

Additionally, the Total Effect size of .597 between OC and PEP is considered to be of high effect. In other words, OC has a high positive effect on PEP.

Figure 4.42. Path analysis of model 5.1

PATH ANALYSIS: MODEL 5.2



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM does not significantly mediate the relationship between OC and PEP
H_1: ELDM significantly mediates the relationship between OC and PEP

RESULTS

To assess and understand the above model, the corresponding variables are assessed as follows:

- ELDM=f(OC): OC has a positive high effect on ELDM (*β* = .528) along path *a1.* ELDM has a medium effect on EEBC (*β* = .389) along path *b1.*
- Having added ELDM to the model, the Direct Effect on EEBC along path *c'* (*β* = .344) is relatively smaller, indicating that mediation might be evident.
- It can be determined whether mediation exists by interpreting the Indirect Effect of OC on PEP through ELDM as depicted by path *a1.b1*. Considering the lower and upper limits (*LLCI* = .419, *ULCI* = .533) of the bootstrap sample distribution from the **Model (OC-ELDM) table** (Figure 4.40) do not include zero, the Indirect Effect of OC on ELDM is significant (path *a1*). Furthermore, the Indirect Effect of ELDM on PEP represented by path *b1* is also significant (*LLCI* = .340, *ULCI* = .499).

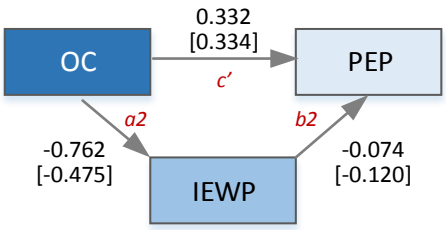
In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1. Furthermore, when examining the **Total, Direct and Indirect Effects of OC on PEP table** (Figure 4.41), it is noted that the Indirect Effect through ELDM *(a1 x b1)* is 0.204 (standardised coefficient of .205) with a Direct Effect of OC on PEP being .332 (standardised coefficient of .334) as depicted by path *c'* (*B* = .322, *se* = .040, *p* < .05, *LLCI* = .254, *ULCI* = 0.410).

The Total Effect (.592) minus the Direct Effect (.332) indicates that the Indirect Effects of OC on PEP through mediating variables (.260). The Indirect Effects are statistically significant (*LLCI* = .206, *ULCI* = .322) and represents 43.9% of the Total Effects. When assessing the contribution of ELDM in this process, it is noted that ELDM accounts for around 78.5% of the total Indirect Effects *(a1xb1 as a percentage of Indirect Effects).*

Hence it can be ascertained that ELDM significantly mediates the relationship between OC and PEP. It further indicates that the prevalence of ELDM in the workplace has a bearing as a mediator on PEP.

Figure 4.43. Path analysis of model 5.2.

PATH ANALYSIS: MODEL 5.3



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: IEWP does not significantly mediate the relationship between OC and PEP

H_1: IEWP significantly mediates the relationship between OC and PEP

RESULTS

OC is negatively correlated with IEWP (*R* = -.475, *p* < .01) and IEWP has a statistically significant negative correlation with PEP (*R* = -.411, *p* < .01).

To determine whether mediation exist, the model is being assessed as follows:

- IEWP=f(OC): OC has a relatively medium to high negative effect on IEWP (*β* = -.475) along path *a2.* IEWP has a relatively smaller negative effect on EEBC (*β* = -.120), on a standalone basis, along path *b2*.
- Now that IEWP has been added, the Direct Effect of EOC onto EEBC along path *c'* (*β* = .334) is relatively smaller, indicating that mediation effect might be evident.
- It can be determined whether mediation exists by interpreting the Indirect Effect of OC on PEP through IEWP as depicted by path *a2.b2*. Considering the lower and upper limits (*LLCI* = -.884, *ULCI* = -.641) of the bootstrap sample distribution from the **Model (OC-IEWP) table** (Figure 4.41) do not include zero, the Indirect Effect of OC on IEWP is significant (path *a2*). The Indirect Effect of IEWP on PEP represented by path *b2* is also statistically significant (*p* < .05, *LLCI* = -.118, *ULCI* = -.030).

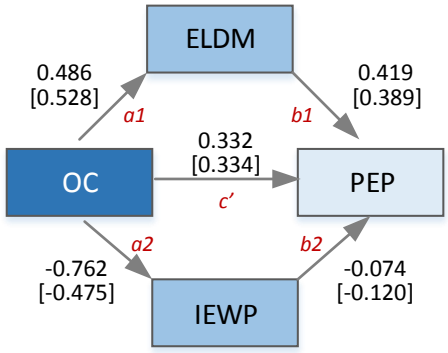
In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1 Furthermore, when examining the **Total, Direct and Indirect Effects of OC on PEP table** (Figure 4.41), it is noted that the Indirect Effect through IEWP is .056 *(a2 x b2)* with a Direct Effect of OC on PEP being .332 as depicted by path *c'* (*β* = .332, *se* = .040, *p* < .05, *LLCI* = .254, *ULCI* = .410).

The Total Effect (.592) minus the Direct Effect (.332) indicates that Indirect Effects of OC on PEP through the mediating variables (.260). The Indirect Effects are statistically significant (*LLCI* = .206, *ULCI* = .332) and represents 43.9% of the Total Effect.

Hence it can be ascertained that IEWP has a mediation effect on PEP indicating that a prevalence of IEWP in the organisation would have mediating effect on PEP.

Figure 4.44. Path analysis of model 5.3.

PATH ANALYSIS: MODEL 5.4



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM and IEWP do not significantly mediate the relationship between OC and PEP

H_1: ELDM and IEWP significantly mediate the relationship between OC and PEP

RESULTS

Considering the results from **Total, Direct and Indirect Effects of OC on PEP table** (Figure 4.41), it is noted that the Indirect Effects through ELDM and IEWP are statistically significant as the 95% confidence interval does not include zero (*LLCI* = .206, *ULCI* = .322). It can thus be inferred that there is statistically significant mediation effect of ELDM and IEWP between OC and PEP and hence H_o is rejected in favour of H_1.

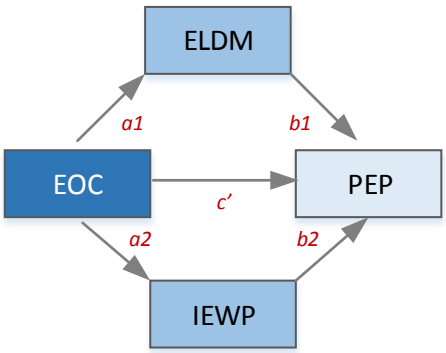
The Total Effect between OC and PEP is represented by the aggregate value of the Direct Effect of OC on PEP and the Indirect Effects of ELDM and IEWP between OC and PEP as represented by *c' + (a1 x b1) + (a2 x b2).* When examining a breakdown of the constituting components of the Total Effect of OC on PEP, the following is noted:

- The Indirect Effect of ELDM between OC and PEP represented by path *a1.b1* is .204 (standardised coefficient of .205). This represents 78.8% of the total Indirect Effects of .260 between OC and PEP.
- The Indirect Effect of IEWP between OC and PEP represented by path *a2.b2* is .056 (standardised coefficient of .057). This represents 21.9% of the total Indirect Effects of.260 between OC and PEP.
- The combined Indirect Effects of ELDM & IEWP (*β* = .260, *se* =.030, *LLCI* = -.206, *ULCI* = .322) represent 43.9% of the Total Effects between OC and PEP
- The Direct Effect of OC on PEP is .332 represented by path *c'.* This represents 56.1% of the Total Effect of .592 between OC and PEP.
- The standardised Total Effect result of the model, i.e. (*c' + (a1 x b1) + (a2 x b2)*), is .592 as per the correlation coefficient (*R*) between OC and PEP.

On the basis of the above, it can be inferred that both ELDM and IEWP constitute having a statistically significant combined mediating effect between OC and PEP. However, ELDM has a relatively bigger mediating effect as compared to IEWP on PEP.

Figure 4.45. Path analysis of model 5.4.

PATH ANALYSIS: MODEL 6



TOTAL EFFECT MODEL

OUTCOME VARIABLE: PEP

MODEL SUMMARY (EOC-PEP)

R	R-sq	MSE	F	df1	df2	p
0.588	0.345	0.197	274.981	1.000	521.000	0.000

MODEL (EOC-PEP)

	coeff	se	t	p	LLCI	ULCI
Constant	2.155	0.102	21.211	0.000	1.955	2.354
EOC	0.445	0.027	16.583	0.000	0.393	0.498

STANDARDISED COEFFICIENT (EOC-PEP)

EOC: 0.588

OUTCOME VARIABLE: ELDM

MODEL SUMMARY (EOC-ELDM)

R	R-sq	MSE	F	df1	df2	p
0.464	0.215	0.203	142.946	1.000	521.000	0.000

MODEL (EOC-ELDM)

	coeff	se	t	p	LLCI	ULCI
Constant	2.361	0.103	22.890	0.000	2.158	2.563
EOC	0.326	0.027	11.956	0.000	0.272	0.379

STANDARDISED COEFFICIENT (OC-ELDM)

EOC: 0.464

Figure 4.46. Path analysis of model 6.

OUTCOME VARIABLE: IEWP

MODEL SUMMARY (EOC-IEWP)

R	R-sq	MSE	F	df1	df2	p
0.429	0.184	0.644	117.401	1.000	521.000	0.000

MODEL (EOC-IEWP)

	coeff	se	t	p	LLCI	ULCI
Constant	4.661	0.184	25.397	0.000	4.301	5.022
EOC	-0.526	0.049	-10.835	0.000	-0.621	-0.430

STANDARDISED COEFFICIENT (EOC-IEWP)

EOC: -0.429

OUTCOME VARIABLE: PEP

MODEL SUMMARY (EOC-ELDM-IEWP-PEP)

R	R-sq	MSE	F	df1	df2	p
0.707	0.500	0.151	172.788	3.000	519.000	0.000

MODEL (EOC-ELDM-IEWP-PEP)

	coeff	se	t	p	LLCI	ULCI
Constant	1.490	0.172	8.674	0.000	1.152	1.827
EOC	0.263	0.028	9.372	0.000	0.208	0.318
ELDM	0.434	0.038	11.305	0.000	0.359	0.510
IEWP	-0.077	0.022	-3.579	0.000	-0.120	-0.035

STANDARDISED COEFFICIENTS (EOC-ELDM-IEWP-PEP)

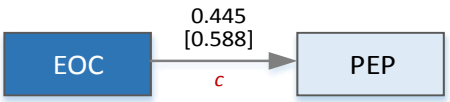
EOC : 0.347
ELDM: 0.403
IEWP : -0.125

TOTAL, DIRECT AND INDIRECT EFFECTS OF EOC ON PEP

	Effect	se	t	p	LLCI	ULCI
Total effect	0.445	0.027	16.583	0.000	0.393	0.498
Direct effect	0.263	0.028	9.372	0.000	0.208	0.318
Indirect effects	0.182	0.022			0.141	0.228

Figure 4.47. Path analysis of model 6.

PATH ANALYSIS: MODEL 6.1



The coefficient figures along the path, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figure is presented in square brackets underneath the unstandardised coefficient.

HYPOTHESIS

H_0: There is no direct positive linear relationship between EOC and PEP

H_1: There is a direct positive linear relationship between EOC and PEP

RESULTS

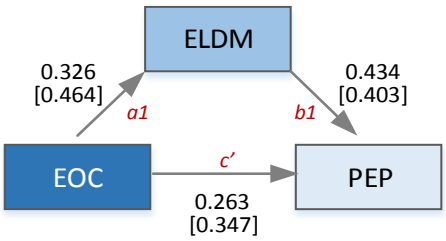
Based on the output results in the **Model Summary (EOC-PEP) table in the Total Effect Model** (Figure 4.46), an assessment of the relationships between EOC and PEP was conducted. The correlation coefficient (*R*), which is also the standardised Beta (*β*) in simple regression model, is .588. As the p-value is less than .01, H_0 is rejected in favour of H_1.

Hence, the results show a significant positive correlation between EOC and PEP ($R = .588$, $p < .01$). Furthermore, the result as indicated by path *c* shows a Total Effect of 0.445 ($\beta = .588$] between EOC and PEP ($B = .445$, $se = .027$, $p < .05$, $LLCI = .393$, $ULCI = .498$). As the 95% confidence interval represented by the range between LLCI and ULCI does not include zero, it can be inferred that there is statistically significant Total Effect of EOC on PEP.

Additionally, the Total Effect size of .588 between OC and PEP is considered to be of high effect. In other words, EOC has a high positive effect on PEP.

Figure 4.48. Path analysis of model 6.1.

PATH ANALYSIS: MODEL 6.2



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM does not significantly mediate the relationship between EOC and PEP

H_1: ELDM significantly mediates the relationship between EOC and PEP

RESULTS

To assess and understand the above model, the corresponding variables are being assessed as follows:

- ELDM=f(EOC): EOC has a positive medium to high effect on ELDM (*β* = .464) along path *a1.* ELDM has a medium effect on EEBC (*β* = .403) along path *b1.*
- Having added ELDM to the model, the Direct Effect on EEBC along path *c'* (*β* = .347) is relatively smaller, indicating that mediation might be evident.
- It can be determined whether mediation exists by interpreting the Indirect Effect of EOC on PEP through ELDM as depicted by path *a1.b1*. Considering the lower and upper limits (*LLCI* = .272, *ULCI* = .379) of the bootstrap sample distribution from the **Model (EOC-ELDM) table** (Figure 4.46) do not include zero, the Indirect Effect of EOC on ELDM is significant (path *a1*). Furthermore, the Indirect Effect of ELDM on PEP represented by path *b1* is also significant (*LLCI* = .359, *ULCI* = .510).

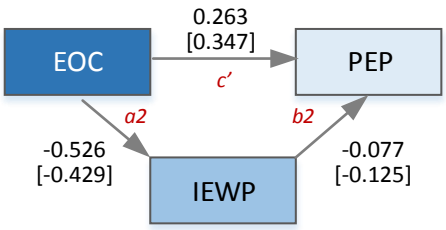
In light of the above, the result is considered to be significant and hence H_0 is rejected in favour of H_1. Furthermore, when examining the **Total, Direct and Indirect Effects of EOC on PEP table** (Figure 4.47), it is noted that the Indirect Effect through ELDM *(a1 x b1)* is .142 (standardised coefficient of .187) with a Direct Effect of EOC on PEP being .263 (standardised coefficient of .347) as depicted by path *c'* (*B* = .263, *se* = .028, *p* < .05, *LLCI* = .208, *ULCI* = .318).

The Total Effect (.445) minus the Direct Effect (.263) indicates that the Indirect Effects of OC on PEP through mediating variables (.182). The Indirect Effects are statistically significant (*LLCI* = .141, *ULCI* = .228) and represents 40.9% of the Total Effects. When assessing the contribution of ELDM in this process, it is noted that ELDM accounts for around 78% of the total Indirect Effects *(a1xb1 as a percentage of Indirect Effects).*

Hence it can be ascertained that ELDM significantly mediates the relationship between EOC and PEP. It further indicates that the prevalence of ELDM in the workplace has a bearing as a mediator on PEP.

Figure 4.49. Path analysis of model 6.2.

PATH ANALYSIS: MODEL 6.3



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: IEWP does not significantly mediate the relationship between EOC and PEP

H_1: IEWP significantly mediates the relationship between EOC and PEP

RESULTS

EOC is negatively correlated with IEWP (R = -.429, p < .01) and IEWP has a statistically significant negative correlation with PEP (R = -.411, p < .01).

To determine whether mediation exist, the model is being assessed as follows:

- IEWP=f(EOC): EOC has a relatively medium to high negative effect on IEWP (β = -.429) along path *a2*. IEWP has a relatively smaller negative effect on EEBC (β = -.125), on a standalone basis, along path *b2*.
- Now that IEWP has been added, the Direct Effect of EOC onto EEBC along path *c'* (β = .347) is relatively smaller, indicating that mediation effect might be evident.
- It can be determined whether mediation exists by interpreting the Indirect Effect of EOC on PEP through IEWP as depicted by path *a2.b2*. Considering the lower and upper limits (*LLCI* = -.621, *ULCI* = -.430) of the bootstrap sample distribution from the **Model (EOC-IEWP) table** (Figure 4.47) do not include zero, the Indirect Effect of EOC on IEWP is statistically significant (path *a2*). The Indirect Effect of IEWP on PEP represented by path *b2* is also statistically significant (p < .05, *LLCI* = -.120, *ULCI* = -.035).

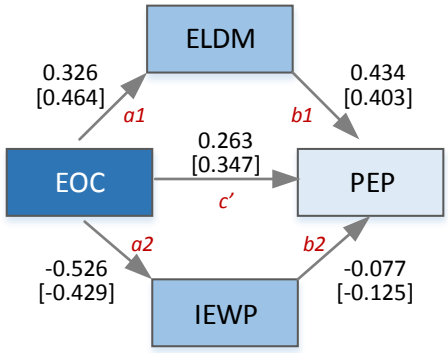
In light of the above, the result is considered to be statistically significant and hence H_0 is rejected in favour of H_1 Furthermore, when examining the **Total, Direct and Indirect Effects of EOC on PEP table** (Figure 4.47), it is noted that the Indirect Effect through IEWP *(a2 x b2)* is 0.041 (standardised coefficient of .054) with a Direct Effect of EOC on PEP being .263 (standardised coefficient of .347) as depicted by path *c'* (*B* = .263, *se* = .028, p < .05, *LLCI* = .208, *ULCI* = .318).

The Total Effect (.445) minus the Direct Effect (.263) indicates that Indirect Effects of EOC on PEP through the mediating variables (.182). The Indirect Effects are statistically significant (*LLCI* = .141, *ULCI* = .228) and represents 40.9% of the Total Effect.

Hence it can be ascertained that IEWP has a mediation effect on PEP indicating that a prevalence of IEWP in the organisation would have mediating effect on PEP.

Figure 4.50. Path analysis of model 6.3.

PATH ANALYSIS: MODEL 6.4



The coefficient figures along the paths, between the corresponding variables, are provided in both unstandardised and standardised formats. The standardised figures are presented in square brackets underneath the unstandardised coefficient figures.

HYPOTHESIS

H_0: ELDM and IEWP do not significantly mediate the relationship between EOC and PEP

H_1: ELDM and IEWP significantly mediate the relationship between EOC and PEP

RESULTS

Considering the results from **Total, Direct and Indirect Effects of EOC on PEP table** (Figure 4.47), it is noted that the Indirect Effects through ELDM and IEWP are statistically significant as the 95% confidence interval does not include zero (*LLCI* = .141, *ULCI* = .228). It can thus be inferred that there are statistically significant mediation effects of ELDM and IEWP between EOC and PEP and hence H_o is rejected in favour of H_1. The Total Effect between EOC and PEP is represented by the aggregate value of the Direct Effect of EOC on PEP and the Indirect Effects of ELDM and IEWP between EOC and PEP as represented by *c' + (a1 x b1) + (a2 x b2).*

When examining a breakdown of the constituting components of the Total Effect of EOC on PEP, the following is noted:

- The Indirect Effect of ELDM between EOC and PEP represented by path *a1.b1* is .141 (standardised coefficient of .187). This represents 77.5% of the total Indirect Effects of .182 between EOC and PEP.
- The Indirect Effect of IEWP between EOC and PEP represented by path *a2.b2* is .041 (standardised coefficient of .054). This represents 22.5% of the total Indirect Effects of 0.182 between EOC and PEP.
- The combined Indirect Effects of ELDM & IEWP (*β* = .182, *se* = .022, *LLCI* = .141, *ULCI* = .228) represent 40.9% of the Total Effects between EOC and PEP.
- The Direct Effect of EOC on PEP is .263 (standardised coefficient of .347) represented by path *c'*. This represents 59.1% of the Total Effect of .445 between EOC and PEP.
- The standardised Total Effect result of the model, i.e. (*c' + (a1 x b1) + (a2 x b2)*), is .588 as per the correlation coefficient (*R*) between EOC and PEP.

On the basis of the above, it can be inferred that both ELDM and IEWP constitute having a statistically significant combined mediating effect between EOC and PEP. However, ELDM has a relatively bigger mediating effect as compared to IEWP on PEP.

Figure 4.51. Path analysis of model 6.4

4.6.2 Summary of Statistical Outcomes on Mediation of Deconstructed Models

Based on the granular assessment of the underlying sub models supporting the Conceptual Research Model, the statistical significance of the mediating effects as well as the magnitude of the direct and indirect effect sizes are summarised in Tables 4.69 and 4.70 respectively and discussed below.

Table 4.69

Summary of Statistical Significance of Mediating Effects

Model (Sub-Models)	Independent Variables (Macro Layer)	Mediating Variables (Meso Layer)	Dependent Variables (Micro Layer)	Significance of Mediating Effects (Statistical Outcomes)
Model 1.4	OC	ELDM & IEWP	OCB	Statistically Significant
Model 2.4	EOC	ELDM & IEWP	OCB	Statistically Significant
Model 3.4	OC	ELDM & IEWP	EEBC	Statistically Significant
Model 4.4	EOC	ELDM & IEWP	EEBC	Not Statistically Significant
Model 5.4	OC	ELDM & IEWP	PEP	Statistically Significant
Model 6.4	EOC	ELDM & IEWP	PEP	Statistically Significant

Table 4.70

Summary Assessment of Effect Sizes of Sub Models

		Standardised Beta Coefficients			% of Total Effect		
Model	**Sub-Constructs**	**Direct Effect**	**Indirect Effects**	**Total Effect**	**Direct Effect**	**Indirect Effects**	**Total Effect**
Model 1.4	OC-ELDM-IEWP-OCB	0.257	0.171	0.428	60%	40%	100%
Model 2.4	EOC-ELDM-IEWP-OCB	0.418	0.113	0.531	79%	21%	100%
Model 3.4	OC-ELDM-IEWP-EEBC	0.283	0.073	0.356	79%	21%	100%
Model 4.4	EOC-ELDM-IEWP-EEBC	0.442	0.025	0.467	95%	5%	100%
Model 5.4	OC-ELDM-IEWP-PEP	0.334	0.262	0.596	56%	44%	100%
Model 6.4	EOC-ELDM-IEWP-PEP	0.347	0.241	0.588	59%	41%	100%

Table 4.70 on page 344 indicates that Direct Effect sizes of EOC on OCB, EOC on EEBC, OC on PEP and EOC on PEP are medium to high (.30 to .50). Furthermore, the contribution of the Indirect Effects of ELDM and IEWP as mediating variables between OC & PEP, EOC & PEP, and OC & OCB represents around 40% of the Total Effect, thereby indicating relatively sizeable mediating effects on the dependent variables. However, the mediating effects of ELDM and IEWP specifically between EOC and EEBC are very small and statistically insignificant compared to their corresponding effects in the other sub-constructs.

4.6.3 Holistic View & Analysis of the Path Diagram of the Conceptual Research Model

The deconstructed Conceptual Research Model has been assessed in a structured and comprehensive manner using both the unstandardised and standardised results from the Total Effect Model generated from Hayes (2018) PROCESS Procedure. The hypotheses to establish mediation relationships within the overall model has also been tested. Thus, the path diagram of the overall model will now be evaluated.

A holistic view of the path diagram of the Conceptual Research Model with all the observed variables has been provided in Figure 4.52 on page 346 of the thesis. The holistic path diagram is comprised of:

- The observed or measured variables of the macro-meso-micro framework within the Conceptual Research Model with their corresponding relationships, correlation coefficients (in between the independent variables of OC and EOC), and the standardised beta weights or coefficients (in between the measured variables) so as to enable a like-for-like comparison amongst the different variables across the whole model.
- Furthermore, the coefficients of multiple determination (R^2) have also been computed and reported to reveal the proportion of variances shared between the independent and mediating variables with the dependent variables.

On the basis of these standardised results, a critical evaluative approach is adopted to explain the effects of the independent and mediating variables on the dependent

variables. This will further help to ascertain the underlying associations, mediation and effects within the model from a holistic approach. This will also form the basis for discussion and conclusion of the subsequent chapter.

Reference values of correlation coefficients, beta weights and coefficients of determination have been used to gauge and evaluate the model and the effects within it (Cohen, 1988, 1992; Ellis, 2010). Figure 4.52 on page 346 of the thesis shows a holistic representation of the path diagram supporting the Conceptual Research Model with corresponding interrelationships and effect sizes between the variables, as well as the culminating coefficients of determinations for the dependent variables.

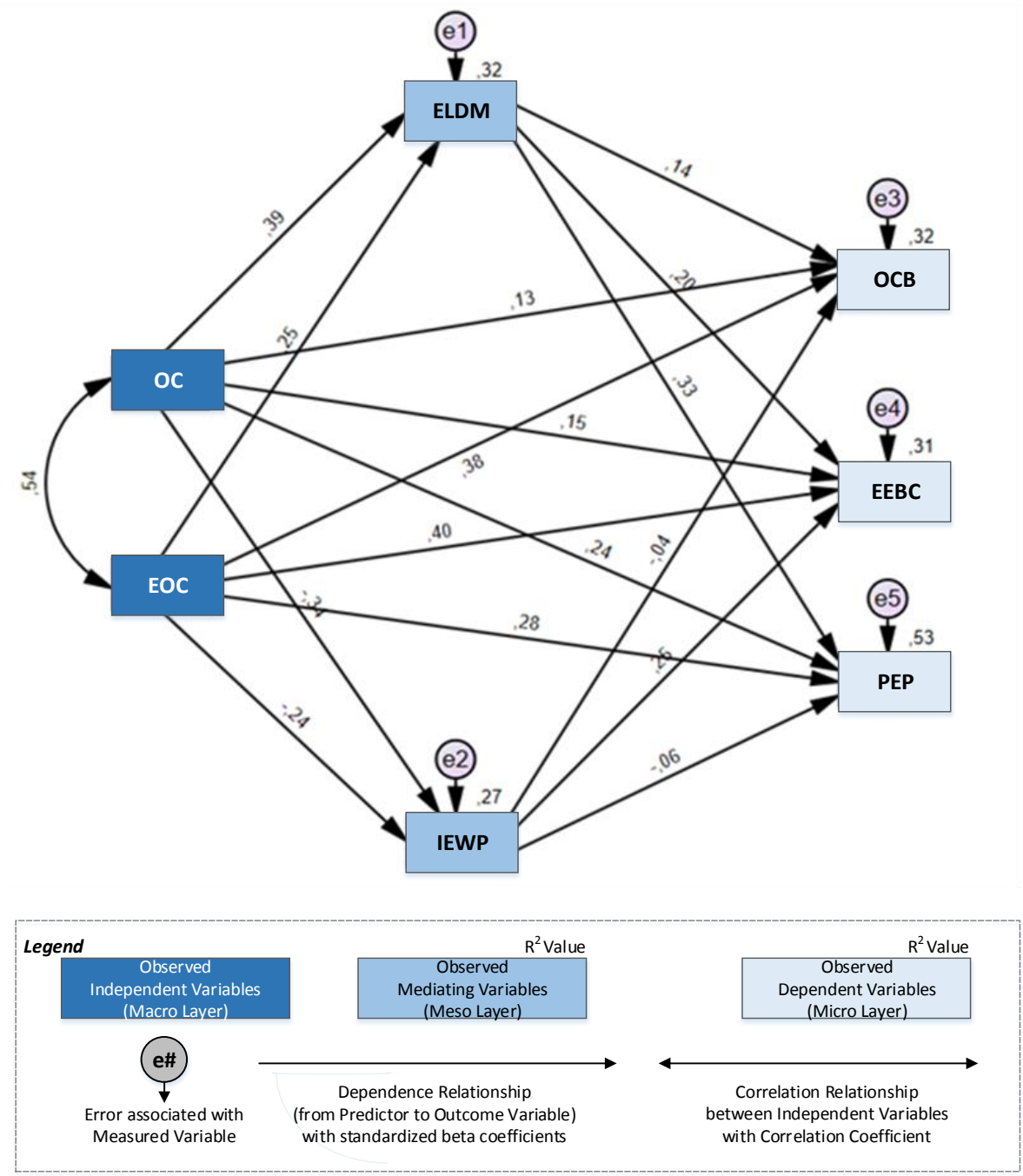


Figure 4.52. Path diagram of the Conceptual Research Model.

4.6.3.1 Key Findings

An examination of the resulting path diagram of the Conceptual Research Model shows the following key findings:

(a) OC and EOC are independent variables that are positively interrelated (r = .54) and are jointly influencing the outcome variables by varying degrees;

(b) Amongst the five outcome variables which OC is directly related to (i.e. ELDM, IEWP, OCB, EEBC and PEP), the biggest effect is between OC and ELDM (β = .39) followed by IEWP (β = -.34), both of moderate effect. This implies that OC influences ELDM (positively) and IEWP (negatively) as compared to the other outcome variables. Amongst the dependent variables, OC affects PEP to a higher degree (β = .24) as compared to OCB and EEBC.

(c) As with the other macro level independent variable in the model, EOC impacts EEBC and OCB the most (β = .40 and β = .38 respectively) compared to the other outcome variables. EOC also affects IEWP negatively (β = -.24). The effect sizes of EOC on the dependent variables are relatively higher than OC's effects.

(d) As a predictor mediating variable, ELDM affects PEP the most with an effect size of .33 as compared to the other dependent variables of OCB and EEBC. ELDM nevertheless has a sizeable positive effect of .20 on EEBC. As regards IEWP, it influences EEBC (β = .25) more than the other two outcomes variables of OCB and PEP, where IEWP has a relatively small negative effect.

(e) Analysing the coefficient of determination of ELDM indicates that 32% of the variation in ELDM is explained by the variation in OC and EOC as joint predictors in the regression model (R^2 = .32). Likewise, 27% of the total variance in IEWP is shared between OC and EOC (R^2 = .27).

(f) OC and EOC as direct predictors, and ELDM & IEWP as mediating variables account for 53% of the total variance in PEP (R^2 = .53). This indicates that they collectively explain a relatively high degree of variance in PEP compared to the other outcome variables of EEBC (R^2 = .31) and OCB (R^2 = .32).

(g) OC and EOC as direct predictors, and ELDM & IEWP as mediating variables, account for 32% of the total variance in OCB (R^2 = .32).

(h) When assessing the variance in EEBC, it must be noted that ELDM and IEWP have a statistically insignificant mediating effect on EEBC when EOC is the independent variable (as evidenced in Model 4.4 in Table 4.69). This implies that 31% of the variance in EEBC is explained by the collective effect of OC, EOC, and the mediating effect of ELDM and IEWP when using OC as the only independent variable.

4.7 CHAPTER SUMMARY

As outlined in the earlier methodology chapter, an analysis and study of the collected data was fundamental to:

(a) Gauge the pattern underpinning the ethical culture, climate and practices in the local context;
(b) Assess how the data fits the Conceptual Research Model;
(c) Evaluate the statistical significance of the research results so as to draw appropriate interpretations in respect of the data distribution, relationships between the data items and the latent factors supporting the key constructs, mediation and path analysis within the macro-meso-micro level constructs of the Conceptual Research Model;
(d) Determining group variances such that appropriate conclusions can be drawn on ethical and behavioural patterns across age, socio-economic and industry groups;
(e) Analyse and assess the data and model in such a way that the research questions can be responded to from an empirical perspective;
(f) Evaluate the effects of the predictor variables on the outcome variables with the model; and
(g) Lay down a strong foundation for the discussion, conclusions and recommendations in relation to the dynamics of ethical climate and the mediating effects of ELDM and IEWP.

The processes and methodologies adopted in this chapter have been instrumental in enabling the set objectives to be attained in a structured approach. The reliance on a rigorous statistical foundation and tests was equally critical, such that the research results could be interpreted properly, and inferences be made about the broader population.

The use of Confirmatory Factor Analysis was considered to assess the model fit of the main constructs of OC, EOC, ELDM, IEWP, OCB, EEBC and PEP. Where necessary, the application of Exploratory Factor Analysis was also considered to potentially generate new theories and findings. The study of the mediation effects of ELDM and

IEWP on the outcomes variables were also revealing in nature as it enabled explanation of the underlying behaviour relating to organisational citizenship, employee ethical behaviour and conduct, and perceived employee performance in the context of this study.

The chapter has thus laid a statistically sound foundation of this multi-facetted study such that the findings could be discussed and conclusions could be made in the next chapter. The technical aspects of these findings will need to be formulated in such a way that it can help the business community as well as contribute towards the body of knowledge whilst evaluating the outcomes and specificities surrounding ethical behaviours, standards and practices in the workplace.

CHAPTER 5: DISCUSSIONS, RECOMMENDATIONS & CONCLUSION

5.1 INTRODUCTION

This chapter is the culminating point of this thesis. A detailed discussion of the results, and the formulation of appropriate recommendations and conclusions on the basis of the scientific findings that emerged from the study are now warranted. The objective of this chapter is multi-fold, namely:

(a) Formulate and substantiate the responses to the respective research questions that were put forward on the back of the literature review, gaps identified and research goals, on the basis of the research outcomes and interpretation of the statistical analysis;

(b) Discuss the outcomes in light of the theoretical foundation and empirical findings emerging from the study;

(c) Determine the actual state of ethics standards and practices in the multi-cultural, cross-industry context of Mauritius on the basis of the research results;

(d) Compare and contrast these findings with the outcomes of other research conducted, and obtain further insights that could help the business and research communities at large;

(e) Conclude by firstly, recognising the positive aspects that emerged from the research that should be upheld and promoted further. Secondly, drawing the attention of key stakeholders towards ethics climate and culture in a constructive manner. Thirdly, providing a practical approach to the business community through recommendations to enhance ethical culture and climate at the workplace. The objective is also to provide insights through an empirically tested model and enablers that will foster organisational citizenship behaviour, ethical employee behaviour, and perceived employee performance at the workplace.

This chapter fulfils the above goals in a structured manner whilst attending to the conceptual, theoretical and empirical imperatives of the present research. It considers any limitations of this study to help future research.

5.2 RECAP OF THE RESEARCH PROBLEM

Despite continuous reinforcement of organisational governance and operating standards through ethics related measures, codes and policies, ethical deviances continue to prevail across organisations. Unethical conduct appears to be omnipresent within organisations, irrespective of their size and geographical locations. Furthermore, notwithstanding the existence of comprehensive legislation to combat crime of varying types and scales, illegal actions are still occurring in business in large numbers, as reported across the globe (OECD, 2016). Ethical organisational behaviour has often been a subject for study, as ethics in the workplace is considered to be a critical factor in promoting the right set of behaviours amongst employees. Furthermore, in their quests to fulfil business and personal goals, business leaders and employees face ever-growing workplace pressures thereby making it even more challenging to maintain their ethical stance uncompromised. The research problem surrounding business ethics still remains open for further studies due to its complexity and the ever-mounting business challenges. Research gaps still exist for measuring the mediating effects between organisational ethics components and the diverse organisational and behavioural factors affecting ethical behaviour (Burns, 1978; Deconinck, Deconinck and Moss, 2016; Huang and Paterson, 2017). These complexities call for the study of organisational ethics components within a conceptual macro-meso-micro framework. This is even more important in the absence of such studies in the context of Mauritius characterised by its multi-cultural and cross-industry society. On the basis of literature review, a Conceptual Research Model was put forward to guide the theoretical and empirical assessment, the results of which are summarised in this chapter. As part of the study, it was deemed opportune to measure the state of ethics and compliance standards in Mauritius through a survey (n = 526). This allowed existing research gaps to be bridged and insights on the prevailing state of ethics standards in business to be obtained, evaluated and compared, for the first time, with countries across the globe.

5.3 RESEARCH FINDINGS & DISCUSSIONS

5.3.1 Research Questions

On the basis of an in-depth literature review, gaps were identified, and research goals determined to guide the study both from a theoretical and empirical perspective. The following research questions were set for assessment in the context of Mauritius:

- **Research Question 1**: *How are the ethical context variables (organisational culture and ethical organisational climate) conceptualised and explained by the theoretical models in the literature?*

  This research question was central to the literature review and assessment of the Conceptual Research Model. The outcomes were reported in Chapters 2 and 4 and also discussed in this chapter. The response to this question from a conceptual perspective enabled meaningful insights to be derived when examining the macro variables of organisational culture and ethical organisational climate in the current context. The literature review laid the required foundation to establish conceptual similarities, differences and gain in-depth insights on these macro variables.

- **Research Question 2:** *How are the mediating variables (ethical leadership and decision making, and internal and external workplace pressures) conceptualised and explained by the theoretical models in the literature?*

  Similar to the earlier research question, this particular question was also studied in detail in the literature review and played a crucial part in the assessment of the meso layer variables of the Conceptual Research Model. The conceptual and theoretical aspects in connection with this research question were laid out in detail in Chapter 2, thereby also enabling the research findings to be assessed and compared as reported in Chapter 4 and this chapter.

- **Research Question 3:** *What is the nature of the theoretical and observed interrelationship between the ethical context (organisational culture and ethical organisational climate as independent variables) and mediating variables (ethical leadership and decision making, and internal and external workplace pressures),*

and their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance?

The empirical findings, as conducted in Mauritius and reported in the earlier and present chapters, are instrumental in understanding the overall dynamics within the macro, meso and micro framework of the Conceptual Research Model. The interrelationships amongst organisational culture, ethical organisation culture, ethical leadership and decision making, internal and external workplace pressures, organisational citizenship behaviour, ethical employee behaviour and conduct, and perceived employee performance were established and assessed as per the established research methodology. The corresponding effects of the independent variables on the observed ones were examined through path analysis both directly and through the mediating variables. The results have been discussed in Chapter 4 in comparison with outcomes of previous studies and supporting theories. The findings are highlighted in this chapter.

- **Research Question 4:** *Which of the key meso components (ethical leadership and decision making, and internal and external workplace pressures) and ethical related actions influence the organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance the most?*

  The results of the present study provide new insights for the country as well as for the business and research communities. The outcomes on the assessment of the key meso variables have been analysed in Chapter 4 and will be discussed in the upcoming section when responding to the empirical objectives.

- **Research Question 5:** *Can a scientific theoretical model be constructed or customised on the relationship between ethical context independent variables (organisational culture and ethical organisational climate) and mediating variables (ethical leadership and decision making, and internal and external workplace pressures) to empower organisations and practitioners to develop appropriate strategies and processes to promote positive employee citizenship behaviour, conduct and performance at large?*

  The main research purpose and goals were centred on proposing a Conceptual Research Model focussing on the dynamics of ethical climate at work and

comprehensively assessing the model using empirical data to establish whether the data fits the model. The ultimate objective was to bring sound, meaningful and practical contributions to the business and research communities on the dynamics of ethical climate in a quest to enhance citizenship behaviour, ethical conduct and performance in the workplace. The Conceptual Research Model has been tested in Chapter 4 and found to hold an acceptable fit. It will, now, be subject to further discussion in this chapter in the relevant sections.

- **Research Question 6:** *What are the key recommendations emanating from the research findings for stakeholders, in the multi-cultural and cross-industry context of Mauritius, to institutionalise through a framework or model that would provide critical ethical levers influencing positive ethical behaviour and performance for the success of organisations?*

  The outcomes of the study, evaluation and discussions of the empirical findings in this final chapter will culminate into key recommendations for the important stakeholders in the business community. Furthermore, this will enlighten policymakers, captains of industries, owners and business leaders of corporations, actors within the organisations and the research community on the key measures to take to raise ethical standards and practices in Mauritius to the next level. This chapter presents the tested model on the dynamics of ethical climate in the corporate world of Mauritius. The model is built on empirical findings considering the *"voice of the actors"* on the ground and culminating in the formulation of sound and practical recommendations that can be implemented effectively across industries. The ultimate goal is to curtail ethical deviances and create a work environment that will influence positive citizenship behaviour, ethical conduct and performance in the corporate world. An attempt has also been made to advocate for a national call for raising ethical standards in the workplace with the involvement, engagement and contribution of all key stakeholders for the welfare of the country, its socio-economic players and citizens at large. In this regard, recommendations bearing a national and industry-wide consideration are being made.

5.3.2 Specific Research Aims from an Empirical Study Perspective

To ensure that the prime research questions guiding the overall research work were responded to from an empirical study perspective, it was crucial to put forward specifically devised research questions to bridge the identified gaps. These key questions stood as the cornerstone of this present study and guided the whole research process from an empirical perspective. The outcomes were examined and assessed to respond to the research questions using empirical evidence. On the basis of this evidence, appropriate conclusions can be drawn, and recommendations be made to the benefit of the business and research communities. A question and answer approach is being adopted to reveal, explain and discuss the findings from an empirical standpoint in response to the corresponding research questions.

5.3.2.1 How do the ethical organisational culture, climate and standards in Mauritius compare with the global perspective?

Previous research findings that can specifically compare Mauritius with countries worldwide on ethical organisational culture, climate and standards are absent in the local context, despite Mauritius benchmarks itself as a country of reference on several fronts in the African and global economy. This question was thus of prime importance to gauge and benchmark Mauritius on the global chart of ethics standards and practices prevailing in the corporate world.

The findings of the Global Business Ethics Survey are regarded as the benchmark on the state of ethics and compliance in business across the world. For the purpose of responding to this particular research aim, it will be used to compare the ethical organisational culture and standards prevailing in Mauritius with the rest of the world (Ethics & Compliance Initiative, 2016, 2018c, 2018b). In this context, the results will be discussed from two perspectives, namely:

- The perception of the respondents based on their last twelve months' observations as well as beyond the 12-months horizon;
- The insights that the respondents provided on the perceived ethical climate prevailing in their organisations through the measurement of the macro, meso and micro variables. The findings emerging from these multi-faceted

dimensions will give insights on the complex on-the-ground realities characterising the ethical organisational climate in Mauritius.

5.3.2.1.1. Last 12 months observations

The results of the present study indicate that the rate of observed ethical deviances and malpractices in the workplace over the last 12 months stands at 45% in Mauritius as compared to 47% in the United States, as reported in Global Business Ethics Survey of 2018 (Ethics & Compliance Initiative, 2018c). The *"observed lying to employees and external stakeholders"* indicator stood as the most prominent form of observed misconduct in the United States at a rate of 28% (of those who observed abusive behaviour). It was noted however, that the comparable measure of *"lying to employees, customers, vendors or the public"* was rated at only 4% of those who observed ethical deviances in Mauritius over the last 12 months. The results also show that the most observed ethical malpractice in the workplace in Mauritius is the "*abusive or intimidating behaviour towards employees"* as rated by nearly 21% of the participants. Furthermore, the other two most critical ethical issues that emerge as commonly observed over the last 12 months in Mauritian organisations are the *"decisions made to benefit employee's self-interests or own family/friends interests"* and the *"Unreasonable business targets".*

The study further indicates that, out of those who observed ethical issues in the workplace over the last 12 months, the indicators measuring *"Pressure to compromise ethical standards", "Observed misconduct",* and *"Experienced retaliation for reporting misconduct"* are amongst the lowest compared to the other 18 countries across continents. Such ethical pulses were measured through the Global Business Ethics Survey to gauge risk and promotion of workplace integrity (Ethics & Compliance Initiative, 2016). The following observations could be made:

(a) ***Pressure to comprise ethical standards*** – On the lowest side of the spectrum, Mauritius finds itself with a reported rate of pressure to compromise ethical standards at 11%, over the last 12 months (Spain at 10%, Mexico at 13% and Japan at 15%). On the other hand, one can find countries with much higher exposure to such adverse forms of coercion, e.g. Brazil (47%), India (40%) and Turkey (38%). Other developed countries such as the United States,

the United Kingdom and Germany are mid table, with reported pressure to compromise ethical standards at 22% (being the average rate across reporting countries). However, the perspective is materially different for Mauritius when it comes to measuring the observations on ethical deviances beyond the last 12 months horizon. For instance, when measuring across a broader time span, 44% of the respondents confirmed having felt the pressure *"to compromise ethical standards to win business deals".* A total of 26% of the respondents felt that they are *"forced to undertake action that may not be ethical and/or in the best interests of everybody",* and 26% felt pressure *"to accept unethical practices to protect their own job, source of income or career prospects"*. These results shift Mauritius from the bottom to the upper mid segment of the global league when measuring pressure to compromising ethical standards in businesses beyond the last 12-months horizon. It nevertheless remains to be established whether the observed low rate of such pressures over the last 12-months is a persistent declining trend, or just a dip that could restore itself to higher indicator levels, or whether it is explained by some other unobserved factors.

(b) ***Observed misconduct*** – Around 25% of the respondents observed misconduct at the workplace in Mauritius, over the last 12 months. With this observed misconduct rate, Mauritius is found to be amongst the group of countries within the lowest segment of observed misconduct (Japan at 15%, Spain at 21% and Germany at 26%). Countries such as Indonesia (48%), Russia (45%) and Brazil (43%) reported the highest level of observed misconduct. France and Mexico were rated in the mid table with an average rating of 33% of reported observed misconduct in the latest global survey. Whilst assessing the various forms of misconduct observed beyond the last 12 months, the results indicate a relatively higher rate of observed misconduct for Mauritius. For instance, 32% of the respondents observed that "*there is pressure to follow and execute orders from the boss(es), at all costs, for their own self interests."* Such adverse pressures could be due to misconduct from senior officers when they should in fact be a role model in promoting ethical and proper behaviour. Furthermore, 29% of the respondents observed *"unfair human resource management policies prevailing";* 26% of the respondents

observed *"unethical behaviour of superiors".* These results confirm that unethical climate and improper practices are prevailing within organisations which are counter-productive. This can be substantiated by a high rate of respondents (63%) confirming that the nature and intensity of pressure at work adversely impacts the employees' health, morale and performance.

(c) ***Experienced retaliation for reporting misconduct*** – When measuring whether people who are reporting ethical issues (e.g. any form of misconduct) are faced with retaliation, the survey shows that only 7% of respondents experienced such forms of reprisal in Mauritius over the last 12 months. This is the lowest rate amongst all countries which were measured on this dimension on the global landscape. Mauritius stands well far below India, the United Kingdom and United Arab Emirates which reportedly topmost retaliation rates of 74%, 63% and 59% respectively in their business enterprises. However, in line with the earlier trends, when measuring such indicators beyond the 12 months period, the results indicate that higher rates of retaliation were experienced when reporting misconduct. There were 17% of the respondents who confirmed that there was retaliation against someone who had reported misconduct.

On the basis of these outcomes, it would be enlightening to further identify any common factors or traits that may explain the similarities in the results especially with countries in close ranges with Mauritius in respect of *"Pressure to comprise ethical standards*", *"Observed misconduct"* and *"Experienced retaliation for reporting misconduct".* Such patterns may be due to country background, cultural traits, leadership styles, governance approaches to business and other more specific factors. Whilst further exploration into this matter would bring new insights, it has not been explored as it would fall beyond the scope of this study.

5.3.2.1.2 Insights on ethical organisational culture, climate and standards in Mauritius

A perception exists that the state of ethical behaviour and practices could be alarming in Mauritius especially when considering diverse media reports on cases linked to alleged bribery, corruption, fraud, lobbies, and pressures etc. The results from this

study in fact confirm to a considerable extent that ethical climate issues are prevalent and influencing the organisational citizenship and ethical behaviours and performance of employees within organisations. The level and nature of observed misconduct and workplace pressures to accept unethical practices, or to fulfil disproportionate demands of key stakeholders for their self-interests do not lay the right foundation to curtail ethical deviances in the business environment of Mauritius.

On the positive side, the study, indicates that a large majority of organisations across sectors are promoting ethics and compliance at varying degrees in Mauritius, as confirmed by 79% of the respondents. The data suggests that industries such as *"electricity, gas, steam and air conditioning supply", "financial and insurance activities", "accommodation and food service activities", "education",* and *"human health and social work activities"* are amongst the top most promoting ethics and compliance. However, the results also indicate that organisations forming part of industries such as *"professional, scientific and technical activities", "Real estate activities", "construction" and "administrative and support service activities"* have a relatively lower score regarding the promotion of ethics and compliance at the workplace. This is in particular surprising for organisations classified as *"professional, scientific and technical activities"* which one would have expected to be amongst those operating with best norms. The underlying factors characterising the ethical culture in this industry may need to be examined in future studies so as to determine any peculiarities explaining this phenomenon.

Despite the above claim for promotion of ethics in organisations, there is nevertheless around 21% of the respondents across industries who rated that their organisations rarely or never promote ethics and compliance at work. This may be the main reason why there have been several recurring media reports of deficiencies in ethical standards and practices in organisations. Other manifested reasons stem from the underlying dynamics of workplace pressure on employees to achieve business goals, protect company image, and compromise ethical standards to win business deals. Employees must follow and execute orders from the boss(es), at all costs, for their own self-interests or fulfil the demands of powerful groups of people.

Amongst the ethics related actions or measures in place in organisations, *"written ethics policies and standards"* and *"code of ethics"* are the two prevailing ones in the

Mauritius business community. The data also suggests that the level of training on ethics standards and codes is relatively low, with only 12% of respondents having confirmed of such programmes in place. The existence of systems to report violations of ethical standards or to discipline ethics violators is seemingly very low and could even be qualified as *"quasi absent"*. Results also indicate that the ethical culture in organisations is characterised by a relatively low presence of performance evaluations of ethical conduct and a very insignificant level of resources being assigned to providing advice about ethics issues. These findings call for business leaders and decision makers to review their standard implementation programmes for more reinforcement measures to improve the ethical culture and climate in organisations.

When analysing the ethics related measures and actions in place in organisations, a puzzling question was to determine whether these had a consistent pattern across establishment sizes (measured in terms of number of employees) or not. The results reveal some patterns which may not necessary be expected. Large institutions with over 1,500 employees tend to demonstrate their engagement to ethical approaches and tools through the implementation of *"written ethics policies and standards"* to a considerable extent (63% of respondents confirming same). Such institutions nevertheless have a relatively low level of implementation of codes, training on ethics standards, etc. as compared to organisations smaller in scale. The larger sized organisations do not seem to have in place means to report potential violations anonymously or to advise on ethics matters, unlike smaller organisations which seem to have such ethics related systems to some degree in place. The study further indicates that 11% of the largest establishments (over 2,500 employees) have performance evaluations of ethical conduct as part of their appraisal systems.

The above findings now add a new dimension for Mauritius in the context of global studies in business ethics. The three indicators of measuring *"compromise of ethical standards", "observed misconduct", and "experienced retaliation for reporting misconduct"* greatly helps to measure the state of ethics in Mauritius. This enables its comparison with other countries of different continents, cultures and development stages that were subject to ethics studies and measurements through the global business ethics surveys. This study thus lays a baseline for ongoing measurement of the state of ethics in Mauritian organisations and against which trends can be measured for remedial or reinforcement actions.

5.3.2.2 What are the key ethical climate types found, their characteristics, specificities and how they are related to the variables under study?

To bridge research gaps in the areas of ethical climates, Sibiya, Makoni and Van Wyk (2016) called for exploring the dynamics of ethical climate types and their possible influences in business. This research question aims at responding specifically to this research gap through the empirical study conducted in the multi-cultural cross industry context of Mauritius. Ethical climate, which forms part of the broader scope of organisational climate, guides employees' attitudes and behaviours towards business ethics and also indicates how people in the organisation generally respond to ethical dilemmas (Cullen et al., 1993; Shafer, 2015). Several ethical types have emerged from previous studies encompassing a broad array of behaviours and practices characterising moral and ethical outcomes in enterprises (Victor & Cullen,1988; Vidaver-Cohen, 1995; Barnett & Schubert, 2002; Arnaud, 2006; Ulrich *et al.*, 2007; Weber & Arnaud, 2014; Grobler, 2016; Newman *et al.*, 2017, Brower & Shrader, 2000).

The present study data does not support the initial 9-factor model of Victor and Cullen (1988) but rather a 3-factor model following the exploratory and confirmatory factor analysis and model fit assessment of Ethical Organisational Climate. A 3-factor model emerged from the factor analysis with 15 items holding acceptable loadings (between .62 and .87) together with an acceptable model fit. Whilst examining the nature of the loaded items, it was noted that they could be mapped onto ethical climate types of *"Principle-oriented"*, *"Benevolence"* and *"Altruism"*. The present study was assessed on the theoretical perspectives of Victor and Cullen (1988), Vidaver-Cohen (1995), Brower and Shrader (2000) and that of Barnett and Schubert (2002). Two of the ethical climate types that emerged from this study (*"Benevolence" and "Principle-Orientated"),* are common to the theoretical foundations presented by Victor and Cullen (1988), Brower and Shrader (2000) and Barnett and Schubert (2002). However, the third emerging ethical climate type reflects "*altruism"*, when assessing the face validity of the loaded items and considering the theoretical definitions and scope of altruism put forward by Organ (1988) and Sharma and Jain (2014).

The results suggest that there are three types of ethical organisational climates prevailing in the Mauritian business environment, namely *"principle-oriented"*, *"benevolent"* and *"altruism"*. They predict the ethical climates in the workplace. These

orientations support the general perception that Mauritians are often guided by their principles, cultural values, norms, and laws on one hand, and are inclined towards caring for the interests of other individuals, customers, companies or the society at large. This is also supported by previous studies, where Mauritian managers appeared to have a strong reliance on cultural norms with respect to their judgment and intentions toward unethical practices (Ah-Kion & Bhowon, 2017).

Furthermore, the *"altruism"* factor established in the present study considers a broader theoretical definition and scope as set out by Organ (1988) and Sharma and Jain (2014). When assessing the items loaded onto *"altruism"*, they converge towards such actions directed towards others' interests namely:

- Individuals (e.g. look out for each other's good or what is best for the other person)
- Company (e.g. concerns about efficiency and company's interests at large)
- Society (e.g. respect to laws governing the society or working environment)

When examining the interrelationships within the model, it was found that Ethical Organisational Climate ("EOC") has a moderate positive correlation with Organisational Culture ("OC"), (r = .54, p <.001). They both form the main independent variables predicting the mediating and observed dependent variables in the model as evidenced through regression and path analysis in the present study. While EOC has a moderately positive correlation with Ethical Leadership and Decision Making ("ELDM"), $r(521)$ = .46, p < .001, it has, on the other hand, a moderately negative relationship with the other mediating variable of Internal and External Workplace Pressure ("IEWP"), $r(521)$ = -.43, p < .001. Furthermore, the results indicate that EOC is moderately positively correlated with the three dependent variables namely Organisational Citizenship Behaviour, $r(521)$ = .53, p < .001, Employee Ethical Behaviour and Conduct, $r(521)$ = .47, p < .001, and Perceived Employee Performance, $r(521)$ = .59, p < .001; the latter being the strongest reported association with EOC amongst all observed variables. The study demonstrates that all the respective correlations as reported above are significant at the .01 level (2-tailed).

The interrelationships show that the underlying constructs of the Conceptual Research Model form a collective unit of associated variables that can be studied together to

explain the interplay within the model, the dynamics of ethical climate, as well as the mediating effects of ELDM and IEWP.

5.3.2.3 What are the most common internal and external workplace pressures faced by organisations which could compromise ethical behaviour and standards?

The most common workplace pressures which could compromise ethical behaviour and standards faced by employees within local organisations are ranked from the top most frequency *(f),* of those who agreed and strongly agreed to be facing such pressures, with the corresponding mean ($\bar{X}$) on a 5-point Likert scale. They are listed in descending order as follows:

(a) Pressure to protect the company's image (*f* = 52%, $\bar{X}$ = 3.33, *SD* = 1.11)
(b) Pressure to continually innovate to gain efficiency (*f* = 48%, $\bar{X}$ = 3.26, *SD* = 1.08)
(c) Stress (time pressure) in making managerial decisions is felt (*f* = 47%, $\bar{X}$ = 3.25, *SD* = 1.05)
(d) Pressure to ensure financial success of the company (*f* = 47%, $\bar{X}$ = 3.21, *SD* = 1.09)
(e) Pressure to compromise ethical standards to win business deals (*f* = 44%, $\bar{X}$ = 3.16, *SD* = 1.10)
(f) Pressure from powerful groups of employees to abide to their demands (*f* = 41%, $\bar{X}$ = 3.09, *SD* = 1.10)
(g) Pressure to protect one's own personal/family reputation (*f* = 40%, $\bar{X}$ = 3.11, *SD* = 1.12)
(h) Pressure to progress one's own career for better pay and living (*f* = 40%, $\bar{X}$ = 3.05, *SD* = 1.13)
(i) Pressure from business partners are aimed to gain advantage (*f* = 38%, $\bar{X}$ = 3.05, *SD* = 1.04)
(j) Pressure to meet one's own personal financial obligations (*f* = 37%, $\bar{X}$ = 3.01, *SD* = 1.11)

Amongst the other findings, it could be noted that a considerable number of participants (43%) feel that the shareholders/owners are interested only in profits, whilst around 41% feel that there is a critical economic condition prevailing in their organisations. Thirty-two percent of the respondents further confirmed that there is pressure to follow and execute orders from the boss(es), at all costs, for their own self-interest. Demands, whether coming from the top hierarchy in the organisation (21%) or from external parties (17%) are also viewed as disproportionate by the respondents in many cases. These conditions are characterised by pressures to abide orders (even at all costs). These create a dilemma for the employees to fulfil these instructions for their own job's security and are key causes for unethical behaviour and practices to prevail. The study reveals that the nature and intensity of pressure at work adversely impacts the employees' health, morale, and performance, as highlighted by 63% of the respondents. This is a major cause for concern that the business community in Mauritius must remedy as the combined impact of the deficiencies in ethical leadership and the disproportionate adverse workplace pressures for achieving business goals will simply fuel unethical conduct and anomie within the organisation. These critical deficiencies would be counterproductive for maintaining sportsmanship, altruism, civic virtue, ethical behaviour and performance amongst employees.

5.3.2.4 Which are the most influential / impactful workplace pressure factors?

Four factors emerged from the present study and were validated through confirmatory factor analysis. Of these, "Prioritisation of Economic Results" carries the highest factor loading in the model (.87 on average) followed by "Personal Situational Stress" with the second highest factor loading (.84 on average). The results indicate that the greatest pressures are directed towards two main stakeholders' interests; first are, the company's own interests in achieving the expected results such as sales targets, profitability, dividend yield, earnings, market share and the likes for the benefit of the shareholder(s). Second are those of the employees' personal interests surrounding their own job security, financial situation, career development and reputation. These pressures have been found to influence business leaders or employees to compromise their ethical stance in the local context.

5.3.2.5 What is the statistical relationship between organisational culture and ethical organisational climate?

Identifying correlations, patterns and effects among the data were central to the study so as to enable sound empirical evaluation and interpretation of the underlying variables supporting the Conceptual Research Model. OC and EOC are the two main macro level independent variables in the macro-meso-micro framework guiding this research work. The study confirms that OC has a moderate positive correlation with EOC, $r(521) = .54$, $p < .001$, with the correlation being significant at the .01 level (2-tailed). A host of studies have been undertaken on organisational culture and ethical organisational climate; however, the literature reviews indicate that they were not necessarily measured together in the same study but rather on a standalone basis. Their orientation was towards measuring their outcomes on aspects such as work engagement, job satisfaction, employee behaviour and commitment, and organisational performance. The present study provides a new insight into the interrelationship between OC and EOC, acting together as predictors. It has assessed their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance either directly or through the mediating variables. The study of the interrelationship and effects within the proposed model also serves to better reinforce the existing theories and body of knowledge.

5.3.2.6 What is the statistical relationship between the mediating variables of ethical leadership and decision making, and internal and external workplace pressures?

The meso layer of the Conceptual Research Model is comprised of two key mediating variables, namely, Ethical Leadership and Decision Making, and Internal and External Workplace Pressures. Both ELDM and IEWP were statistically assessed considering various perspectives. These included measuring the strength and significance of relationships, the underlying factor structure influencing the measurement of these variables, their predictive and mediating characteristics and the dynamics of their interactions.

The literature reviews indicate that these two variables have not necessarily been studied in tandem as predictors or mediators, but rather as individual predictors influencing ethical behaviour and conduct, ethical climate, employee performance, work engagement, job satisfaction, and stress. The findings of the study would thus serve in adding new insights on the ethics and ethical climate at the workplace.

The study shows that ELDM and IEWP are negatively correlated to a relatively low to moderate level, $r(521) = -.34$, $p < .001$, with the correlation being significant at the .01 level (2-tailed). This indicates that as the prevalence of ethical leadership and decision making in the workplace increases, the internal and external workplace pressures decrease to some extent, and vice versa. It should be pointed out that this relationship does not necessarily imply causation but does indicate a pattern.

5.3.2.7 What is the nature of the theoretical and observed interrelationship between the ethical context (organisational culture and ethical organisational climate as independent variables) and mediating variables (ethical leadership and decision making, and internal and external workplace pressures), and their effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance?

At the very outset of this study, it was found that a new approach was required to study the complex phenomenon of ethics in the workplace, as organisations continue to face growing ethical challenges despite various control systems in place. To bridge research gaps in business ethics and understand its underlying complexity and dynamics, Engelbrecht, Wolmarans and Mahembe (2017) called for a new direction in research to evaluate interrelationships and effects within a conceptual macro-meso-micro framework of business ethics in future studies. This multi-layered methodology could go a long way towards approaching the study of ethics at the workplace. It would break down the complexities and enable a comprehensive examination of the underlying components influencing citizenship and ethical practices at work. A Conceptual Research Model, based on a *macro-meso-micro* framework, was thus adopted in the context of this research to study the macro level (independent) variables

of OC and EOC, the meso level (mediating) variables of ELDM and IEWP and the micro level (dependent) variables of OCB, EEBC and PEP. This multi-layered approach has indeed been of tremendous help in studying the complex, dynamic and interrelated nature of these variables for the benefit of business, academic and research communities. The sections below discuss and explain the relevant findings regarding the variables forming part of the Conceptual Research Model from an empirical and theoretical perspective.

5.3.2.7.1 Macro Level Independent Variables

(a) OC

The study reveals that three latent factors emerged influencing the OC variable in the local context namely, “Achieving Business Goals”, “People Consideration” and “Work Ethics”. The study further confirms that two of these factors (“Achieving Business Goals” and “People Consideration”) are consistent with the theoretical studies and findings of Sashkin and Rosenbach (2013), Cameron and Quinn (2006), Denison (1990) and Denison, Haaland and Goelzer (1991). Whilst these studies support a 5-factor theoretical model characterising OC, the current data only revealed a 3-factor model. The third factor which emerged in the present study is somewhat unique in the sense that it encompasses a combination of ethical, compliance and dutiful traits as characterised by the attributes of work ethics. The “Work Ethics” factor emerging from this research reveals that though its underlying measuring indicators are common to the other research studies, they are nevertheless converging with good regression weights towards a common factor, coined as “Work Ethics”. A plausible explanation for this specific finding could be explained by the fact that the respondents tend to see ‘ethical approaches at work’, ‘compliance to rules or principles to reach organisational goals’ and ‘acting responsibly in the interests of the clients’, as one integral unit characterising their culture of work ethics. The pattern appears to indicate that the respondents do not demarcate ethics, compliance and duty as separate but as one common macro trait characterising their understanding of how to properly fulfil their duties at work. In other words, one who has the right work ethics would demonstrate compliance to company policies, ethical standards, and uphold their personal duties towards their customers and other stakeholders. The study also indicates that, amongst the three factors that emerged to support the organisational culture in the

local context, the respondents perceived the factor of “Achieving Business Goals” as being the most prominent ($\overline{X}$ = 3.93, *SD* = 0.55, on a Likert scale of one to five, five being strongly agreeable). The result indicates a general tendency of the respondents to recognise that members of the organisations have clearly defined goals relating to the mission of the business and that priorities to achieving such goals are known, understood and actioned upon across the organisation through appropriate policies, procedures and process changes. This is consistent with the outcomes of previous studies establishing the interrelationship between organisational culture and performance and the effects of the former variable on the latter (Magee, 2002; Kuo and Tsai, 2017; Barney, 1986; Cameron and Quinn, 2006).

Considering these findings it can be inferred that the organisational culture in Mauritius is characterised by:

- Such behaviours and actions targeting to achieve business goals;
- Such values and actions where people consideration is prime;
- Such behaviours and actions that are in effect compromising work ethics in its broad sense e.g. the priority of achieving goals at the expense of compromising organisational policies and procedures, the lack of individual’s ownership and responsibility in resolving customer issues, and the adverse pressure being imposed to change and attain goals.

Sun (2009) advocates for organisational culture as a management tool to direct and control employee behaviour and commitment. This study shows further that the influence of organisational culture can span over a broader horizon covering not only employee behaviour and commitment in general but also more specifically leadership behaviour, workplace pressure, organisational citizenship behaviour, ethical conduct and employee performance.

(b) EOC

To assess the ethical organisational climate in the local context, the Ethical Climate Questionnaire as devised by Victor and Cullen (1988) was used as a base. Victor and Cullen’s (1988) model classifies ethical climates in nine types. However, the present study reveals only three main ethical types characterising “Principle-Oriented”, “Benevolence” and “Altruism” in the local context. From a theoretical perspective, two

of these ethical types (Principle-Oriented and Benevolence) have also been established in the studies of Victor and Cullen (1988), Brower and Shrader (2000) and Barnett and Schubert (2002). Despite the fact that that some of these studies suggesting a broader number of ethical types, the local study indicates that the ethical climates as perceived by the respondents in Mauritius are characterised mainly by "Principle-Oriented", "Benevolence" and "Altruism" traits.

According to the results of the confirmatory factor analysis and regression weights of the underlying items supporting this particular construct, the way these ethical climates are viewed in local context is as follows:

- "Principle-Oriented" ethical climate is characterised by a work environment:
    - *Where people comply with the law and professional standards over and above other considerations;*
    - *Where people strictly comply with company rules and procedures; and*
    - *Where efficiency, team spirit and consideration for people's best interests prevail in the organisations.*

  The survey indicates a tendency of principle-oriented ethical climate prevailing in organisations as perceived by the respondents ($\bar{X}$ = 3.71, *SD* = 0.72, on a Likert scale of one to five, five being strongly agreeable).

- "Benevolence" ethical climate is characterised by a work environment:
    - *Where people have an active concern about customer's and public's interests and any such decisions that may affect them; and*
    - *Where people have a strong concern for what is generally best for employees or for each individual.*

  An inclination towards an ethical climate characterised by benevolence also appears to be prevailing at the workplace ($\bar{X}$ = 3.46, *SD* = 0.75).

- In the current context of this study, "Altruism" is seemingly covering a broader spectrum of behaviour or actions which are directed mainly towards the welfare of other individuals or co-workers, the company's interests, and consideration of law governing the society at large. This aligns with the theoretical foundation put forward by Organ (1988) and Sharma and Jain (2014) in respect of altruism. It was noted that the participants perceive these ethical intentions and

responsible behaviours towards others as an integral unit of ethical climate in organisations. The findings indicate that the altruism factor also holds traits of principle, egoism (individual, local and cosmopolitan) and benevolence from a theoretical standpoint, but these are perceived as one integral unit characterising an ethical climate of altruism in the local context, as rated by a majority of respondents ($\bar{X}$ = 3.46, *SD* = .71).

5.3.2.7.2 Meso Level Mediating Variables

(a) ELDM

The confirmatory factor analysis conducted on ELDM led to the emergence of a 6-factor model compared to a 7-factor model (Kalshoven, Den Hartog and De Hoogh, 2011). The six factors comprise “People Orientation”, “Fairness”, “Power Sharing”, “Role Clarification”, “Integrity”, and a second order factor encompassing “Concern for Sustainability” and “Ethical Guidance”. The results also indicate that the 6-factor model is loaded with 31 items, with regression weights falling between .72 and .95 and has an acceptable fit.

“People Orientation” is characterised by the care and attention directed towards others and the genuine concern shown in relation to the needs, interests and feelings of other colleagues at work. The results indicate a tendency of people-oriented ethical leadership traits in local organisations ($\bar{X}$=3.55, *SD* = 0.82, on a Likert scale of one to five, five being strongly agreeable).

As regards “Fairness”, characterised by properly situating the responsibilities and accountabilities of a fault or problem in the workplace, the study reveals a tendency of such attributes prevailing as part of the ethical leadership and decision making traits. Generally, the score is inclined towards a disagreement, when conditions of unfairness in the workplace were presented to the respondents for rating ($\bar{X}$ = 2.91, *SD* = 0.99, on a Likert scale of one to five, one being strongly disagreeable). For example, respondents were inclined to disagree when presented with conditions where their leaders or organisations would hold someone accountable unfairly.

“Power sharing” involves a culture of obtaining inputs, recommendations, and advice from subordinates in the organisational strategy and decision making processes. This

has also emerged as an important component in the assessment of ethical leadership and decision making in Mauritius. The results indicate that a majority of respondents tend to agree that such traits of power sharing prevail in their organisations ($\bar{X}$ = 3.39, *SD* = 0.84).

“Concern for sustainability” and “Ethical Guidance” emerged as second order factors of a common main factor in the exploratory and confirmatory factor analysis. “Concern for sustainability” considers the importance of caring for the environment in general and for such development goals that fulfil the present needs without compromising those of the future generation. ”Ethical Guidance” involves behaviours and practices promoting integrity at work such as adherence to codes of conduct, stimulating discussions of integrity amongst employees, explaining consequences of unethical behaviour and complimenting those who demonstrate good behaviour in line with the integrity guidelines. These two underlying factors are associated and seem to be perceived as one common factor by the respondents, given their interrelatedness. They both emerged in the study with relatively stronger means tending towards an agreement that such behaviours are prevailing in the organisations ($\bar{X}$ = 3.91, *SD* = 0.67 and $\bar{X}$ = 3.83, *SD* = 0.66 respectively). This outcome thus supports ethical leadership and decision making approaches present in the workplace.

“Role clarification” emerged as a confirmed factor supporting ethical leadership and decision similar to what Kalshoven, Den Hartog and De Hoogh (2011) established. It explains what is expected from the incumbents, clarifies priorities, performance goals, and who is responsible for what. This factor was rated with the highest mean inclined towards respondents agreeing to its prevalence in the organisation ($\bar{X}$ = 3.93, *SD* = 0.65). This is consistent to the culture of achieving goals which emerged in the evaluation of organisational culture in the local context, where clarity on role, responsibility, priorities and performance expectations are central.

The prevalence of “Integrity”, as one of the underlying influential factors of ethical leadership and decision making in the workplace, also emerged from the study ($\bar{X}$ = 3.78, *SD* = 0.77, on a Likert scale of one to five, five being strongly agreeable). In the context of ethical leadership and decision making, integrity was particularly characterised by the leaders keeping their promises, who could be trusted and relied upon.

The study demonstrates that ELDM, as a predictor variable, has a relatively better moderate positive correlation with Perceived Employee Performance, $r(521) = .61$, $p < .001$, as compared to the other observed variables. The results further indicated that ELDM has a relatively low to moderate positive correlation with both Organisational Citizenship Behaviour, $r(521) = .40$, $p < .001$, and Ethical Employee Behaviour and Conduct, $r(521) = .39$, $p < .001$. These correlations are significant at the .01 level (2-tailed).

(b) IEWP

The study also demonstrates that out of the original 28 items used to measure IEWP, 15 items were loaded on a 4-factor model ("Prioritisation of Economic Results", "Violations of Ethical Guidelines", "Situational Stress" and "Personal Situational Stress") with relatively good regression weights falling between .72 and .88.

"Prioritisation of Economic Results" emerged as a form of workplace pressure characterised by the need to ensure financial success of the organisation and to also continually innovate to gain efficiency. The results show that this pressure is present in the business community in Mauritius ($\bar{X} = 3.24$, $SD = 1.02$, on a Likert scale of one to five, five being strongly agreeable). This tendency is consistent with the other findings observed when measuring pressures in the workplace. "Violations of Ethical Guidelines" is characterised by unfair human resource policies and practices, unethical behaviour of the superiors, bad workflow in the organisation and blurring of what is ethical and what is not. This factor emerged with a lower mean score ($\bar{X} = 2.71$, $SD = 0.89$) tending towards a disagreement of the respondents on its prevalence in the organisation. On the other hand, the emergence and prevalence of "Situational Stress" has also been observed ($\bar{X} = 3.11$, $SD = 0.99$) in the study encompassing such pressures:

- from clients for favourable terms at the risk of losing the business;
- from powerful groups of employees to abide to their demands; and
- for protection of company's image.

The items originating from the study of Lasakova and Remisova (2017) were loaded consistently as per their original 3-factor structure thereby indicating a similar pattern in the local context too. A fourth factor emerged in the present study which was related

to “Personal Situation Stress”, characterising those pressures that directly impact the person as an individual, compared to situational pressures which affect the business or company in a broader sense. The study shows that there is a tendency for people to compromise their work ethics when faced with pressure to achieve goals. However, given limited research in this area, consideration should be given to further explore the personal situational stress aspects in further depth. This could help in measuring how individuals would react and the ethical stance they would take when they are directly under a situational tension that impacts their own interests or self.

The study demonstrates that IEWP, as a predictor, has a moderately negative correlation with Perceived Employee Performance, $r(521) = -.41$, $p < .001$, and a relatively low negative correlation with Organisational Citizenship Behaviour, $r(521) = -.31$, $p < .001$. Surprisingly, the correlation between IEWP and EEBC was found to be insignificant, $r(521) = -.06$, $p = .164$.

5.3.2.7.3 Micro Level Dependent Variables

(a) OCB

OCB was measured through 24 items loaded on a 5-factor model as devised by Podsakoff *et al.* (1990). The confirmatory factor analysis reveals a 3-factor model loaded with 12 items holding acceptable weights ranging between .61 and .83. The three emerging factors are comprised of “Altruism”, “Sportsmanship” and “Civic Virtue” which have also been found by Organ (1988) and Podsakoff *et al.* (1990).

“Altruism” characterises the behaviours or actions to help other colleagues, respect the rights of others in the organisation and respect company rules and policies. “Civic Virtue” comprises of such behaviours of making the extra effort of helping the organisation voluntarily even if it is not mandatory. As regards “Sportsmanship”, it emerged with such behaviours characterising honesty at work, doing the job responsibly without being reminded by the supervisors, avoiding issues that could affect relationships with co-workers and avoiding complaining about trivial matters. All the three factors emerged with means tending towards their confirmed prevalence in the local business community ($\bar{X} = 4.14$, $SD = 0.47$ for Altruism; $\bar{X} = 3.74$, $SD = 0.78$ for Civic Virtue; and $\bar{X} = 4.13$, $SD = 0.60$ for Sportsmanship).

The “Altruism” factor also emerged as a common factor from research by Smith, Organ and Near (1983), and Sharma and Jain (2014). Certain items from Podsakoff et al. (1990) measuring courtesy, conscientiousness and sportsmanship have strongly loaded on the “Altruism” factor in the present research. Similarly, two items of the original scale measuring courtesy and conscientiousness loaded better on the “Sportsmanship” factor. A closer examination of these items against theoretical definitions as put forward by Sharma and Jain (2014) and Organ (1988) indicate that they have been strongly loaded in the present study under “Altruism” and “Sportsmanship” factors, given the broader nature and scope of these established theoretical definitions. These patterns also indicate that the respondents have a broader view and understanding of altruism and sportsmanship rather than nuances which certain specific items may carry.

The results indicate that OCB emerged as the construct with this highest mean score ($\bar{X}$ = 4.00, *SD* = 0.49), compared to the other variables in the study. It appears that, amongst all variables, there is a stronger tendency of witnessing organisational citizenship behaviour prevailing across the business community in Mauritius. It nevertheless remains to be confirmed, from an empirical perspective, whether this pattern is intrinsically linked with the specificities of the multi-cultural aspects of Mauritius.

(b) EEBC

The results indicate that the factor structure emerging from the present study is found to strongly support the theoretical foundation established by Maesschalck (2004). Out of the 46 original items adapted for measurement of EEBC in the context of this research, 35 items had acceptable to high loadings ranging between .71 and .91 under a 9-factor model. Whilst eight of the emerging factors are common to those of Maesschalck (2004), as assessed through confirmatory factor analysis, the one remaining factor is a result of the adaptation made to the instrument to measure and obtain a comparable view with what was surveyed on the global fronts. The following eight factors are thus theoretically relevant for the purpose of measurement and discussions regarding ethical employee behaviour and conduct:

- “Self Interest” characterises such behaviours, where the protection of one’s own interests are put above other considerations. The survey indicates that the concern for one's own interest or advantage tends to prevail in organisations ($\bar{X}$ = 3.40, *SD* = 0.97).
- “Organisational Interest” characterises such behaviours of organisational members, where the financial interests and image of the company or such decisions that generate value for the organisation are of prime concern. The results confirm a tendency towards such a conduct being perceived by a majority of respondents ($\bar{X}$ = 3.47, *SD* = 0.87).
- “Efficiency” basically concerns those employee actions of finding the cheapest or optimal way to undertaking business, ultimately to reduce costs in the organisations. The survey indicates a pattern inclined towards a culture of efficiency prevailing in organisations ($\bar{X}$ = 3.58, *SD* = 0.80).
- “Friendship”, in the context of this study, concerns holding good interpersonal and behavioural relationships both with colleagues and external stakeholders of the organisation and the effects of any decisions or actions on them. Such a behaviour appears to be felt by a majority of the respondents through their confirmed ratings ($\bar{X}$ = 3.86, *SD* = 0.66).
- “Team Interest” considers such employee behaviours promoting the welfare of the team members in the organisation. Consistent to the earlier findings, the survey indicates an inclination towards people’s consideration, where the interests of the team members are critical ($\bar{X}$ = 3.96, *SD* = 0.71).
- “Stakeholder Orientation” characterises such behaviours and conduct demonstrating a strong sense of responsibility towards citizens. This orientation is perceived amongst the most important factors characterising employee behaviour in the local context ($\bar{X}$ = 4.06, *SD* = 0.60). This is consistent with the pattern of altruism, benevolence and civic virtue observed in the study.
- “Personal Morality” concerns the personal conduct of the employees of determining of what is right or wrong, as well as such behaviours encouraging innovation or personal creativity of employees. The perception is generally inclined towards the prevalence of such conducts in the corporate environment ($\bar{X}$ = 3.84, *SD* = 0.65).

- "Rules and Law" encompasses such employee conduct, where company rules and procedures are strictly followed including the compliance to law, public interests and professional standards over and above other consideration. The study demonstrates a strong tendency towards an adherence behaviour to company rules, procedures and the law in general ($\overline{X}$ = 4.12, *SD* = 0.50).

(c) PEP

The statistical assessment and outcomes suggest a single factor model for PEP with 15 items retained ($\overline{X}$ = 3.71, *SD* = 0.49) with confirmed high internal reliabilities (Cronbach's Alpha of .94). The underlying retained items characterise the perception employees have regarding their organisations' abilities to:

- Compete on strategy, brand, products, services, performance, culture and work environment better than the competition;
- Attract and retain talents for the business to stay ahead;
- Attract new clients and satisfy existing ones;
- Demonstrate strong relations between management and employees, and amongst employees in general;
- Infuse an organisational citizenship behaviour and a culture to deliver beyond what is expected in the normal course of duties;
- Permeate an ethical climate that enables one to maintain its ethical stance and moral values unviolated;
- Permeate an ethical climate that fosters reporting of ethical issues without any fear of retaliation or inaction;
- Enable its leaders and managers in creating the right ethical working environment, including having the proper ethics program in place to improve work climate and performance, and supporting employees to perform well; and
- Encourage employees to use ethics and compliance standards and improve overall work performance.

The study indicates that generally the employees perceive that their organisations are faring better than their competitors regarding products, services, brand image, talents' and clients' attraction and retention ($\overline{X}$ = 3.80, *SD* = 0.76, on a Likert scale of one to

five, five being strongly agreeable). There is also a general perception that the right working environment and working relationships are prevailing amongst peers and between managers and their subordinates ($\bar{X}$ = 3.83, *SD* = 0.73). The analysis also shows that the relationships amongst employees are relatively stronger at peer level ($\bar{X}$ = 3.85, *SD* = 0.72) compared to the relationships between managers and their employees ($\bar{X}$ = 3.80, *SD* = 0.78).

As regards the perception of employees on whether ethical climates prevail in their workplaces, the results indicate a similar pattern as above. The majority of respondents tend to agree that the prevailing ethical climates at their workplaces help them to maintain unviolated ethical stances and moral values and perform better ($\bar{X}$ = 3.90, *SD* = 0.74). Despite a general perception of prevailing ethical climates, it nevertheless appears that work pressure to meet organisational objectives is compelling employees to depart from their ethical paths ($\bar{X}$ = 3.49, *SD* = 0.96). Such pressures are flowing from the top down, and they appear to be considerably impacting the employees' health, morale and performance at work, considering their nature and intensities.

Based on the results of the confirmatory factor analysis and statistical means of the underlying items measuring the latent factors, Figure 5.1 on page 379 of the thesis provides a holistic view of the patterns that emerged for the key constructs of the Conceptual Research Model. The model puts into perspective the latent factors (underlying each variable) and shows their comparative tendencies or inclinations through the assessment of their relative statistical means plotted on a radar chart.

Note: The underlying items supporting the emerging latent factors have been measured on a 5-point Likert scale (1: "Strongly Disagree", 2: "Disagree", 3: "Neutral", 4: "Agree" and 5: "Strongly Agree"). The respective mean scores have been plotted in the respective radar charts above. The third dependent variable, Perceived Employee Behaviour, has not been shown pictorially given it emerged with a single factor with a statistical mean of 3.71 and standard deviation of 0.49.

Figure 5.1: Emerging factors and tendency characterising the respective variables of the Conceptual Research Model prevailing in the business community of Mauritius

5.3.2.8 The effects of the independent and mediating variables on the dependent OCB, EEBC and PEP variables

The research question put forward also calls for an empirical examination of the direct and indirect effects that organisational culture and ethical organisational climate (as macro level independent variables) have on organisational citizenship behaviour, ethical employee behaviour and conduct, and perceived employee behaviour (as dependent variables).

The empirical aim is to also establish whether the mediating variables (ethical leadership and decision making, and internal and external workplace pressures) have a bigger influence on the dependent variables when they intervene as mediators in the business context of Mauritius.

The study has relied upon a broad methodology encompassing exploratory and confirmatory factor analysis as well as a path analysis to support the empirical assessment of the dynamics within the Conceptual Research Model.

The study confirms the following key findings:

(a) *An overarching effect* – As independent variables, organisation culture and ethical organisational climate jointly influence the observed variables at the meso and micro levels at varying degrees.

(b) *The effects of organisational culture* - Organisational culture, as characterised by three factors of achieving business goals, people consideration and work ethics in the local context, has a bigger effect on ethical leadership and decision making (β = .39, p < .001) as compared to the other variables. It positively influences ethical leadership and decision making behaviours in the business context of Mauritius. A common pattern was found in previous studies, where organisational culture is also linked with personal values of leaders (Schein 2010; Schein & Schein, 2017; Schwartz, 1992; Douglas, Davidson and Schwartz, 2001). The organisation culture components play an important predictor role, not only on ethical leadership and decision making but also on internal and external workplace pressure. However, organisational culture has a moderate negative influence on workplace pressures. For instance, work environment that promotes care for people where their concerns are heard,

they are kept informed on a timely basis, and where team spirit and support are permeating, it will experience lower levels of situational stress in both the organisation and on the individual. In such conditions, people in the organisation will be under less pressure to violate ethical guidelines. Similarly, in an organisation where unclear business goals or lack of support to solve problems prevail, such a culture will translate into an increase in stress on individuals and teams. This will adversely be affecting their abilities to handle situational challenges and maintain their ethical stances unviolated. Furthermore, the study also shows that organisational culture influences (statistically significant) organisational citizenship behaviour ($\beta = .13$, $p < .001$), employee ethical behaviour and conduct ($\beta = .15$, $p < .001$) and perceived employee performance ($\beta = .24$, $p < .001$) in the business context of Mauritius. For instance, the prevalence of people consideration and team spirit in the organisation will positively influence employees to perform beyond what is expected, respect and support others, make an extra effort to help co-workers even if it is not mandatory. All this characterises an organisational citizenship behaviour. The prevailing culture of achieving business goals through clarity of vision, clearly laid out processes, operating guidelines and priorities, appropriate support, work ethics and consideration for people's welfare, also predicts the employees' performance, ethical behaviour and conduct. This is consistent to the findings of Kotter and Heskett (1992) and (Magee, 2002) where it was established that organisational culture influences performance in enterprises. Furthermore, Sun (2009) advocated for the effects of organisational culture on employee behaviour, thereby directing the way employees behave in the workplace and the level of commitment they would show in the affairs of the business.

(c) *The effects of ethical organisational climate* – In the context of this study, ethical organisational climate has emerged, with characteristics of principle-orientation, benevolence and altruism prevailing to varying degrees in the Mauritian workplace. The study confirms that ethical organisational climate predicts ethical leadership and decision making ($\beta = .25$, $p < .001$). For instance a climate of consideration for others (co-workers, people, organisation and society) and for compliance (laws, rules, principles and procedures) influences

people's ethical orientation and decision making. The study further confirms that ethical organisational climate influences organisation citizenship behaviour and employee ethical behaviour and conduct to a considerable extent as compared to others (β = .38, p < .001 and β = .40, p < .001 respectively), with the effects found to be statistically significant. These results build on existing evidences of Huhtala et al. (2011) and Mitonga-Monga and Cilliers (2015), who advocate that workplace ethics predicts work engagement behaviour and commitment to the organisation. Mitonga-Monga and Cilliers (2015) found that workplace ethics culture and climate had the most impactful contribution on work engagement. A positive inclination towards an ethical organisational climate is characterised by concerns of what is best for employees, clients, public and a general tendency towards adhering to organisational rules and policies. This has a corresponding impact on fostering civic virtues, altruism and an attitude to do beyond what is expected in the best interests of the co-workers, teams and the organisation at large. On the other hand, a climate where ethical deviances prevail in the organisation has a counterproductive effect on the employees with increasing stress and pressures to compromise their ethical stances. The results show that the prevalence of ethical organisational climate has a reverse and attenuating effect on workplace pressures (β = -.24, p < .001). This can be of an internal nature (i.e. such pressures personal to employee's own survival, job security, career and financial sustainability). It can also be of an external nature (i.e. such pressures to meet business targets and goals, ensure financial success of the company, and create value for the shareholders). The results on the effects of ethical climate in organisations in Mauritius are also consistent to the findings of Huhtala *et al.* (2011), who advocated that a work environment characterised by ethical standards, systems and practices fosters the emotional engagement and work commitment levels of employees.

(d) *The combined effects of organisational culture and ethical organisational climate* – The study reveals that these two independent macro level variables have a combined moderate effect (statistically significant) on ethical leadership and decision making (R^2 = .32, p < .001) and on internal and external workplace pressures (R^2 = .27, p < .001). The results suggest that these independent

variables jointly predict the ethical leadership behaviours, ethical orientation in decision making and workplace pressures to a considerable extent. Thus, amongst all variables or factors, measured in this study that may affect these mediating variables, it was found that organisational culture and ethical organisational climate jointly account for 32% and 27% of the effect respectively on the two mediating variables, ELDM and IEWP.

(e) *The meso variables and their mediating effects* – The results show that, as a predictor mediating variables, ethical leadership and decision making influences perceived employee performance the most (β = .33, p < .001), compared to the other two variables of organisational citizenship behaviour (β = .14, p < .001) and employee ethical behaviour and conduct (β = .20, p < .001). The study indicates that when fairness, sharing of power, concerns for work ethics and environment, integrity, and people consideration prevail in an organisation, they influence the way employees perform and their perception on the work environment. The more ethical leadership behaviours and ethical-oriented decision making are manifested, the more employees would perceive their work environment as motivating, performing and conducive to support team collaboration, productivity and ethical conduct. These results build on the existing evidence of Mo et al. (2012), where ethical leadership was established as a key predictor influencing employees' moral attitude and behaviour. A positive association of ethical leadership with employees' job satisfaction and motivational organisational commitment was also found in previous studies (Brown, Trevino & Harrison, 2005b; Vitell & Singhapakdi, 2008). The results of this study further strengthen the positions of the proponents of ethical leadership and its positive impact on employees' performance (Piccolo et al., 2010; Walumbwa et al., 2011). On the other hand, an increase in internal and external workplace pressures adversely impacts employees' performance and citizenship behaviour. Vidaver-Cohen (1993) suggests that such pressures also lead towards behavioural challenges and moral regression amongst employees.

To assess the effect that the mediating variables indirectly contribute to the overall model, the direct effects were evaluated in the study and used as

comparatives to determine on whether ELDM and IEWP play an important role in the total effect equation. The direct effect sizes of EOC on OCB, EOC on EEBC, EOC on PEP and OC on PEP are of moderate to high effect (β between .30 and .50, $p < .001$), with these effects being statistically significant. Furthermore, the contribution of the indirect effects of ELDM and IEWP, as mediating variables, between OC and OCB, EOC and PEP, and OC and PEP represent between 40-44% of the total effects, thereby indicating relatively sizeable mediating effects on the dependent variables. However, the mediating effects of ELDM and IEWP specifically between EOC and EEBC are relatively small and statistically insignificant compared to their corresponding effects on the other sub-constructs. These results show that ethical leadership and decision making, and workplace pressures play a crucial mediating role and considerably influence organisational citizenship behaviour and perceived employee performance in the business environment of Mauritius. The findings of Vaughan (1983) and Passas (1990) on the study of anomie and corporate deviances indicate that workplace pressure for meeting organisational objectives compelled employees to leave the ethical path. A similar pattern seems to appear, where shareholders tend to be interested in profits, not necessarily in the way they are realised.

(f) *The overall effect* – The present study provides new insights in respect of the dynamics of the multi-layered interconnected variables within the Conceptual Research Model. Organisational culture and ethical organisational climate as direct predictors, and ELDM and IEWP as mediating variables account for 53% of the total variance in perceived employee performance ($R^2 = .53$, $p < .001$). This indicates that they collectively explain a relatively high degree of variance in perceived employee performance compared to the other outcome variables of OCB ($R^2 = .32$, $p < .001$) and EEBC ($R^2 = .31$, $p < .001$). Furthermore, the study also shows that direct predictors (OC and EOC) and mediating variables (ELDM and IEWP) account for 32% of the total variance in OCB ($R^2 = .32$, $p < .001$). The reported variances were found to be statistically significant. When assessing the variance in EEBC, it must be noted that ELDM and IEWP jointly have a statistically insignificant mediating effect exceptionally between EOC and EEBC. This implies that 31% of the variance in EEBC is explained by the

combined effect of OC, EOC, and the mediating effects of ELDM and IEWP when OC is the main predictor.

5.3.2.9 Do the employees' perception and behaviour in relation to organisational culture, ethical leadership and decision making, internal and external workplace pressures, and organisational citizenship behaviour remain constant across different groups (age, industry and socio economic)?

An analysis was undertaken on the age, socio-economic and industry groups to establish whether the patterns of the variables being measured are similar or different across these groups.

Age group differences - The results show that respondents of age groups 50-59 and 40-49 (regarded as mature and experienced persons) rated their perceptions in respect of organisational culture, internal and external workplace pressure, and organisational citizenship behaviour differently compared to the younger generation (20-29 age group). The younger generation sees the organisation as being more inclined towards achieving business goals, having people's consideration and work ethics (underlying factors characterising OC). Furthermore, the results indicate that the younger age group is relatively more inclined towards advocating for altruism, civic virtue and sportsmanship (underlying factors characterising OCB) in the organisation. Similar patterns were noted as the younger group feel that the workplace pressure is lower. The latter may be related to limited exposure of the younger generation in the working environment compared to the older group.

Socio-economic group differences - The results show that respondents of socio-economic groups AB (High Class) rated their perceptions in respect of ethical leadership and decision making differently compared to the other socio-economic groups of C1 (Upper Middle Class), C2 (Lower Middle Class) and DE (Lower Class). The High Class socio economic group has a relatively stronger perception towards and inclination for ethical leadership and decision making best practices and behaviour in the organisation.

Industry group differences – The results indicate that the perceptions of organisational culture, ethical leadership and decision making, and workplace pressure vary considerably amongst the different industry sectors. For instance, the perception of the people forming part of the "Manufacturing" industry are most divided on their perceptions regarding workplace pressure compared to the "Accommodation and Food Activities" sector which are more inclined towards disagreeing on the prevalence of unfair or unethical behaviour in the organisation.

5.3.2.10 Which of the key meso components (ethical leadership and decision making, and internal and external workplaces pressures) and ethical related actions influence the organisational citizenship behaviour, employee ethical behaviour and conduct and perceived employee performance the most?

The results indicate that, amongst the two main components of the meso layer, ethical leadership and decision making influence two of the three dependent micro level variables the most as follows (standardised beta coefficient of effect size being used for comparison):

(a) *Organisation citizenship behaviour* – Ethical leadership and decision making influences organisation citizenship behaviour the most (β = .14, p < .001) compared to internal and external workplace pressures (β = -.04, p < .001). Amongst the items measuring organisational citizenship behaviour, it is noted that ethical related actions such as 'willingness to help others who have work related problems', 'focusing on the positive rather than the adverse aspects', and 'respecting the rights of peers' have the highest influence on organisational citizenship behaviour (β between .81 and .83, p < .001). Consistent to the results of the present study, Mayer et al. (2009) also found that the mediating effect of the employees' perception of their leaders' ethical stance largely influences the relationship between ethical leadership and organisational citizenship behaviour. In their study, Mitonga-Monga and Cilliers (2005) established that workplace ethical culture and climate had the most impactful contribution on work engagement. The present result supports this position too,

as ethical organisational climate emerged as having a larger effect size (78.6% of the total effect) as a direct predictor on organisational citizenship behaviour (encompassing work engagement). This is compared to its indirect effect size through the mediating variables (21.4% of the total effect).

(b) *Employee ethical behaviour and conduct* – Though being close together, internal and external workplace pressures influence employee ethical behaviour and conduct the most (β = .26, p < .001) compared to the ethical leadership and decision making variable (β = .20, p < .001). The results show that consideration of what is best for other people or colleagues in the organisation is the most impactful ethical related action influencing employee ethical behaviour and conduct (β = .94 p < .001). In line with the Vidaver-Cohen (1993) findings, a climate of inordinate pressure to meet business targets, a climate of non-adherence to legitimate practice or a climate of alienation tends to affect employees' behavioural and moral state. National surveys conducted in the United States public traded companies have shown that employees felt more pressure to compromise ethical standards, seemingly due to pressure in achieving business results. It was found that 84% of those who felt pressure also observed misconduct, thereby reinforcing the observations that workplace pressure predicts ethical employee behaviour and conduct (Ethics Resource Centre, 2012).

(c) *Perceived employee performance* - As a meso level variable, ethical leadership and decision making influences perceived employee performance the most (β = .33, p < .001). One may have thought that internal and external workplace pressures would considerably influence perceived employee performance. However, this was not the case in the present study, as the result shows that workplace pressures have a very small negative influence on perceived employee performance (β = -.06, p < .001). The results also indicate that the fostering of strong relations between management and employees as well as the leaders creating the right ethical work environment for employees to perform well are the two top most influential ethical related actions impacting perceived employee performance (β = .77, p < .001).

5.3.2.11 Is there a good fit between the elements of the empirically manifested structural model and the theoretically hypothesised model?

Over time, various model fit indices have been used to evaluate a model. Each model fit index has its own merits and limitations, nevertheless, researchers seem to agree that multiple criteria should be used to comprehensively test a model. This is so that one can confidently claim that the theoretically hypothesised model (e.g. the *Conceptual Research Model* as per Figure 5.2 on page 389 of the thesis) actually represents the empirically manifested structural model and that the data fits well the hypothesised model (Hu and Bentler, 1999). The manifested factor structures for each construct were subject to confirmatory factor analysis and model fit assessment. The literature suggests that a confirmatory factor analysis should be evaluated in light of the outcomes of a combination of indices (Matsunaga, 2011). These include the:

- Exact fit index (e.g. Chi-square or CMIN being the Chi-square equivalent in confirmatory factor analysis measured as a ratio to degrees of freedom, “CMIN/df”)
- Root Mean Square Error of Approximation (“RMSEA”)
- Incremental fit index, such as Comparative Fit Index (“CFI”), Tucker-Lewis Index (“TLI”) and Relative Non-centrality Index (“RNI”)
- Residual-based index, such as Standardised Root Mean Square Residual (“SRMR”)

A step by step approach was adopted to test each component of the Conceptual Research Model. To avoid any biasness in model fit assessment, the same set of model fit indices were consistently used and evaluated throughout the hypothesised model.

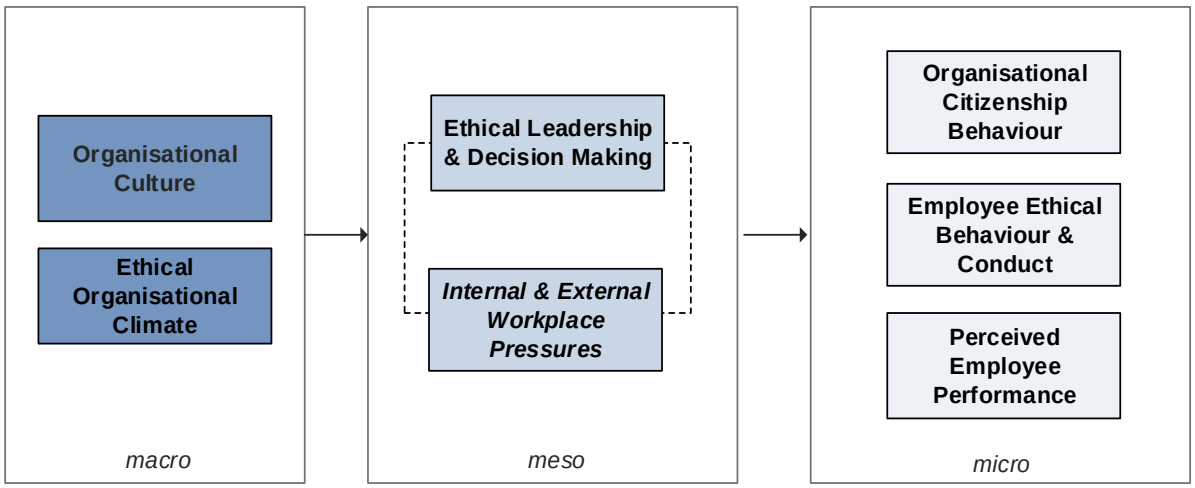


Figure 5.2: Conceptual Research Model of the present study

Organisational Culture – The results show that a three-factor model emerged (Achieving Business Goals, People Consideration and Work Ethics) with 10 items holding acceptable loadings between .51 and .79 and with improved model fit indicators following model adjustments that are permissible. The results of the model fit indices are as follows: CMIN/df: 2.915 (excellent fit: < 3.00), RMSEA: .061 (acceptable fit: .06 to .08), CFI: .960 (excellent fit: > .95) and SRMR: .042 (excellent fit: < .08). On the basis of the outcomes of the confirmatory factor analysis, the adjusted baseline model for organisational culture shows an acceptable to excellent model fit.

Ethical Organisational Climate – A three-factor model (Principle-oriented, Benevolence and Altruism) emerged with 15 items holding improved acceptable loadings between .62 and .87 along with enhanced model fit indicators following fine tuning. The model fit outcomes are as follows: CMIN/df: 3.817 (acceptable fit: 3.00 to 5.00), RMSEA: .073 (acceptable fit: .06 to .08), CFI: .955 (excellent fit: > .95) and SRMR: .034 (excellent fit: < .08). The confirmatory factor analysis of the adjusted ethical organisational climate baseline model shows an acceptable fit.

Ethical Leadership and Decision Making – The results show that a six-factor model (People Consideration, Fairness, Power Sharing, Consideration for Sustainability and Ethical Guidance as second-order factor, Role Clarification and Integrity) manifested with 31 items holding acceptable to high loadings between .72 and .95. The results show the following model fit indicators: CMIN/df: 2.816 (excellent fit: < 3.00), RMSEA:

.059 (excellent fit: < .06), CFI: .948 (acceptable fit: .90 to .95) and SRMR: .042 (excellent fit: < .08). The confirmatory factor analysis of the adjusted ethical leadership and decision making baseline model shows an acceptable to excellent fit.

Internal and External Workplace Pressures – The results show that 15 items properly loaded onto a four-factor model (Prioritisation of Economic Results, Situational Stress, Personal Situational Stress and Violation of Ethical Guidelines) which emerged for the workplace pressure construct. The 15 items measuring internal and external workplace pressure hold acceptable loadings between .72 and .88 along with reasonable to acceptable model fit indicators: CMIN/df: 4.818 (acceptable fit: 3.00 to 5.00), RMSEA: .086 (poor fit: > .08), CFI: .958 (excellent fit: > .95) and SRMR: .038 (excellent fit: < .08). The confirmatory factor analysis of the alternative baseline model of workplace pressures with two second-order factors shows a reasonable to acceptable fit for the underlying construct.

Organisational Citizenship Behaviour – As a critical observed variable of the model, organisational citizenship behaviour was accordingly measured and assessed. The results of the confirmatory factor analysis show that a three-factor model (Altruism, Civic Virtue and Sportsmanship) emerged with 12 items holding acceptable loadings between .61 and .83. The results of the model fit indicators are as follows: CMIN/df: 3.472 (acceptable fit: 3.00 to 5.00), RMSEA: .069 (acceptable fit: .06 to .08), CFI: .959 (excellent fit: > .95) and SRMR: .042 (excellent fit: < .08). The results show an acceptable fit of the adjusted baseline model for organisational citizenship behaviour.

Ethical Employee Behaviour and Conduct – A similar evaluation was conducted for this particular construct as undertaken for the other earlier reported ones. The results of the confirmatory factor analysis show that nine factors manifested with 35 items having acceptable to high loadings between .71 and .91. One factor was purposely grouped to support the measurement of the ethical and behavioural state in the local context when compared to global perspectives. The other eight factors which emerged from the study are Self Interest, Organisational Interest, Efficiency, Friendship, Team Interest, Stakeholder Orientation, Personal Morality, and Rules and Law. The results of the model fit indicators are as follows: CMIN/df: 2.586 (excellent fit: < 3.00), RMSEA: .055 (excellent fit: < .06), CFI: .942 (acceptable fit: .90 to 0.95) and SRMR:

.045 (excellent fit: < .08). The confirmatory factor analysis of the adjusted ethical employee behaviour and conduct baseline model shows an acceptable to excellent fit.

Perceived Employee Performance – The results show that a single factor emerged with 15 items having high reliability Cronbach's score (0.94) for the perceived employee performance baseline model.

5.3.3 Insights on Key Ethics Related Actions: Critical for Implementation

Every business would consider the *"Voice of the Customer"* as a fundamental input in driving their actions to properly fulfil the customers' requirements as advocated by many authors and researchers. In the same spirit, a similar approach becomes essential in listening to the *"Voice of the Actors"* in the quest of addressing the dynamic challenges surrounding ethical practices and standards in organisations (Griffin and Hauser, 1993). The turning of voices into actions is an excellent analogy used by Burchill and Hepner Brodie (2005) in explaining how the feedback from the market can lead to the development of strategic actions in the overall delivery process towards fulfilment of customers' demands. A similar application of the voice of the customer approach has been applied by Edinger-Schons et al. (2019) in the domain of corporate social responsibility. In the same way, the listening of the key actors in business and understanding their demands and perspectives as to how ethical practices can be elevated is crucial in the journey of transforming the ethical organsiational culture and climate. The term *"Voice of the Actors"* is being coined in this section to represent the critical inputs being provided by the employees (actors) in the organisations. These operate across hierarchical levels (strategic, mid-management/supervisory or operational), on what they see as critical ethics measures or ethics related actions required for implementation to promote ethical behaviour and performance in the workplace. The voice of the actors of the industries, as key inputs from the ground, is pivotal in the putting forward any form of recommendations for the implementation of Key Ethics Related Actions (KERAs).

The present study provides new insights emanating from the actors across industries and corporations in Mauritius. These should be taken into account when defining an

implementation roadmap and strategy for effective and impacful outcomes in transforming ethical organisational climate and culture in the corporate environment in Mauritius. The results suggest that 13 KERAs emerged as being critical for implementation in the local context, based on what the actors perceive as being vital for transforming and strengthening their ethical culture, work standards and environment. The data contributes to a clearer understanding as to why these KERAs were rated by 37-45% of the respondents as being critical especially when the outcomes of other related dimensions of the study were evaluated, as explained below:

(a) Ranked 1st – Forty-five percent of the respondents rated *"Promote workplace integrity as part of performance appraisal"* as a critical measure for implementation. Performance appraisal is regarded as a vital tool to measure employee performance in organisations as it reinforces accountability between the employees and the organisation. It sets a platform for evaluation of goals achievements and behavioural display through adequate feedback. It also equips managers to set continuous improvement plans and to judge future job assignments as well as compensation for the incumbents (Levinson, 1976). The result also indicates that only 4% of the respondents acknowledge the presence of performance evaluations of ethical conduct in their organisations. This, in turn, explains why the call for promoting workplace integrity as part of the performance appraisal system is so critical to the actors. When workplace integrity forms part of the factors being measured in performance appraisals, employees see the importance that the organisation places on proper conduct and practices. It further serves as a basis for modifying their behaviours towards more effective working habits characterised by principle-orientation, work ethics, fairness, ethical conduct, compliance and sportsmanship. These factors, in turn, help in creating the right ethical climate for employees to perform.

(b) Ranked 2nd – Forty-two percent of the respondents rated the need for *"Training on standards of workplace integrity", "Formal process to discipline violations of code of conduct"* and *"a culture based on virtues of transparency, feasibility, discussability and sanctionability"* respectively as critical measures for implementation. Considering the importance being placed on workplace

integrity, its effectiveness will depend on how well employees understand what that means, what it entails as required conduct from the employees, and how it enables an ethical work climate to prevail. The findings suggest that investment in ethics training, ethical standards and practices, and workplace integrity standards will need to be reinforced considerably, given that only 12% of the respondents claimed having such programmes in place in their organisations. The emergence of a *"formal process to discipline violations of code of conduct"* and a *"culture based on virtues of transparency, feasibility, discussability and sanctionability"* as critical KERAs are in sync to a large extent with Kaptein's Corporate Ethics Virtues Model and his subsequent studies. These brought further insights through its eight critical dimensions of the ethical culture of organisations (Kaptein, 2008a). A culture of giving full visibility on the actions undertaken for ethical deviances *(virtue of transparency)* when they are identified and reported reinforces the ethical climate and raises the level of trust in organisational leaders and ethics related systems. Likewise, the roll out of realistic, attainable goals *(virtue of feasibility)* supported with a healthy level of pressure would further enhance the ethical work climate. This would open discussions of ethical dilemmas being faced by managers or employees *(virtue of discussability)* and formally disciplining or sanctioning those who deviated ethically *(virtue of sanctionability)*. The very low prevalence of systems to discipline violators in the local context, where only 3% of respondents confirmed such practices in place, is in itself a cause for concern necessitating a complete turnaround. Otherwise, it will create a perception that ethical deviations are permissible in the organisations and that deviants have nothing to worry in the absence of such sanctioning mechanisms. Vidaver-Cohen (1993) coined this as a climate of organisational deficiencies which leads towards behavioural challenges and moral regression amongst employees. This is why the implementation of the suggested KERAs in organisations are critical to reinforcing ethical standards, behaviours, and practices across industries.

(c) Ranked 5th – Forty-one percent of the respondents advocated as critical, that *"Leaders to actively foster ethical standards and practice in the workplace"* and the need for *"Written standards of workplace integrity"*. The vital role business leaders play in instilling the right ethical organisational climate has been central

to many studies including the present one. The results of the present study confirm the evidence established in the existing literature where ethical leadership influences employees' moral attitude and behaviour, employees' performance and organisational commitment. This study, as with those conducted previously, indicates that ethical leadership and decision making have a consistent outcome on employee behaviour, engagement and performance, irrespective of the multi-cultural, multifaceted and transnational context. Thus, business leaders have a crucial active role to play to demonstrate ethical stewardship, through their actions and decisions, so as to nurture the right ethical conduct in the organisation and for their subordinates to follow. The rationale behind the call for *"Written standards of workplace integrity"* can also be understood, as the findings demonstrate that only 35% on average claim having written ethics policies and standards in place. The larger institutions employing over 500 employees have, on average, a higher presence of such written ethics standards (60% on average). The call for *"Written standards of workplace integrity"* can further be substantiated by the fact that 29% of the respondents claim to have difficulties in determining which behaviours are ethical or unethical. This dilemma can effectively be addressed through properly defined ethics standards and the use of an established Ethical Check Model such as conceptualised by Blanchard and Peale (1988). This gauges which actions are ethically correct and which are not. These will help in bridging the gap expressed by the actors in the context of this study.

(d) Ranked 7th – Forty percent of the respondents rated *"Confidential / Anonymous reporting"* and *"Ethics & Compliance Office and Resources"* as being critical enablers required to promote ethical behaviour and performance at the workplace. Only 2% of the respondents confirmed having a means to report potential violations confidentially or anonymously, while only 4% claimed that their organisations have resources that provide advice about ethics issues. This indicates that the implementation of these KERAs is at a very infant stage in the local context and it would not help in elevating ethical work approaches or disciplining ethical deviants if the required set of ethical related actions are not implemented across organisations. They are thus critical for consideration in any implementation of ethical frameworks and programs in organisations.

Likewise, the establishment of an *Ethics and Compliance Office* will play a crucial role in enlightening the actors in the organisation through an established ethics framework, ethics related training and coaching programmes, resources providing ethical guidance. Such an office could act as an independent guardian, regulator, ambassador, and enabler for ethical standards and practices within organisations. In its role as an internal ethics authority, the *Ethics and Compliance Office* would provide ethical advice on matters pertaining to workplace fairness and integrity, conflicts of interest, ethical decision making, and compliance to norms. The institutionalisation of such a function, with a direct reporting line to the Board's Corporate Governance Committee would, for instance, demonstrate the Board's serious intent, agenda and the importance that it placed in setting the required ethical foundation in the organisation to nurture corporate ethical character, marketplace trust, and business success.

(e) Ranked 9th – Thirty–nine percent of the respondents advocated for the critical need to *"Implement a National Ethics Framework to promote ethical practices and standards in the country".* This is one of the boldest and constructive demands that employees operating across industries have put forward. On the international front, there is a rally for the implementation of Environmental, Sustainable and Governance ("ESG") standards. Therefore, the implementation of a National Ethics Framework can be regarded as a collective pioneering and nationwide move in the adoption of ethical practices and standards. This drive should be regarded as supporting the ESG initiative in a broader perspective rather than being potentially perceived as a competing approach.

(f) Ranked 10th – Thirty-seven percent of the respondents rated the following as critical measures for implementation to promote ethical behaviour and performance in the workplace. These were *"Formal and informal systems to report and resolve ethical concerns", "Ability to seek feedback/advice related to workplace integrity"*, "*Implement a formal ethics indicator/framework to disclose the state of ethical climate in organisations as part of corporate reporting to public"* and *"Institutionalisation of a formal process for ethical decision making".* Some of these KERAs would already be covered within the scope of the

previously discussed ones for implementation (e.g. a system to report ethical concerns confidentially or anonymously, an Ethics and Compliance Office/Resource providing ethical advice, and the processes supporting ethical leadership and decision making). The call for the implementation of "*a formal ethics indicator/framework to disclose the state of ethical climate in organisations as part of corporate reporting to public"* is a vital KERA emerging from the study. This is because it elevates the approach to and importance of ethics standards and compliance in the corporate world to another level, reinforcing a strong culture of openness. The disclosure of the ethical climate in organisations through established ethics indicators as part of corporate reporting would constitute a noteworthy demonstration of the ethical drive of the business community. So far, corporate governance matters have been subject to corporate disclosures in a rather descriptive approach, based on set guidelines demonstrating the organisational systems in place to support good governance practices (e.g. Corporate Governance Code for Mauritius 2016). It can be further argued that the present disclosures do not clearly indicate the state of ethical climate prevailing in the organisation. This is because it is not necessarily being measured and reported due to the absence of a common initiative, measurement indicator, framework and standards guiding such disclosures.

5.4 LIMITATIONS

Before putting forward appropriate recommendations for the business and research communities, it is paramount to recognise the limitations of the study such that any recommendations being made can be put into context. The results of the study confirm that the two examined meso layer variables (ELDM and IEWP) have an important bearing, as mediators, on the observed micro level variables to varying degrees. The contribution of the indirect effects of ELDM and IEWP, as mediating variables, in particular between OC and PEP, EOC and PEP, and OC and OCB represent around 40% of the total effect, thereby indicating relatively sizeable mediating effects on the dependent variables. However, the study cannot confirm whether ELDM and IEWP are the only mediating variables that influence the OCB and PEP. The generalizability of the results is thus limited by the fact that there may be other mediating variables influencing the observed variables over and the above the two that have been established. This limitation is due to the scope of the study focussing mainly on the two mediators that emerged as pertinent from the literature review.

Amongst the variables that have been evaluated through the present study, it appears that there is a stronger tendency for organisational citizenship behaviour prevailing across the business community in Mauritius. It nevertheless remains to be confirmed, from an empirical perspective, whether this pattern is intrinsically linked with the specificities of the multi-cultural facet of Mauritius or to any other factors that could explain this phenomenon.

The use of the underlying established instruments for the measurement of the respective variables under study has been very effective at undertaking the overall study. However, from the literature review, it was found that there are a limited number of instruments for measuring internal and external workplace pressures that are compromising ethical stance. This necessitated an adaptation of the selected instrument to gauge workplace pressures appropriately in the context of this study. Though the adaptation was comprehensive enough to enable study of this variable, the findings on workplace pressures might still be limited to the extent of this adaptation and might not explain all the underlying issues related to workplace pressures.

Furthermore, the present study has gauged the dynamics of ethical climate across all industries, for the first time, and through an overarching lens, the level of "*Pressure to compromise ethical standards", "Observed misconduct"* and *"Experienced retaliation"* prevailing in Mauritian organisations as well as enabling the benchmarking with other countries. The results, however, cannot confirm the underlying reasons explaining the similarities and differences between organisations in Mauritius and those in its peer countries having similar ratings on these three main dimensions. Due to the scope of this study, it was not possible to establish whether there are any underlying factors common to the countries that could explain these patterns or orientation in ethical climate. It is yet to be determined whether these patterns are due to the countries' background, cultural traits, socio-economic model, leadership styles in the business community, governance approaches and system in place, underlying guiding values and interests of the people, or any other phenomena.

These limitations are intrinsically linked to either the restricted scope of the study or the underlying complexity of measuring ethical human behaviour and workplace dynamics. Nevertheless, the findings are valid for the purpose of answering the research questions put forward both from a theoretical and empirical perspective. On the one hand, the findings have contributed to building on existing theories and evidence from previous studies. On the other hand, they have also brought forward new insights that would go a long way in understanding the dynamics of ethical climate and how the mediators influence organisational citizenship behaviour, ethical conduct and behaviour, and performance of employees.

5.5 RECOMMENDATIONS & CONCLUSION

5.5.1 Introduction

On the basis of the enlightening outcomes of this ethics study, and having discussed the findings comprehensively from an empirical, theoretical and multi-dimensional perspective, it is now appropriate to put forward key recommendations that will equip the country, business community, research world and scholars with key insights to:

(a) Advance the understanding of the dynamics of ethical climate and how ethical leadership, decision making, and workplace pressure affect employees in the work environment in the multi-cultural and cross-industry context of Mauritius. In other words, how these key factors influence organisational citizenship behaviour, ethical employee behaviour and conduct, and employee perceived performance at large.

(b) Empower the business community with a purposely developed and tested ethical climate model that can be operationalised to enhance organisational citizenship behaviour, ethical behaviour and performance in the workplace;

(c) Equip the actors in the business world with insights, as advocated by the employee community, on Key Ethical Related Actions required to support the ethical strategy and journey in businesses.

5.5.2 Recommendations

5.5.2.1 Application of an "Ethical Climate Model for Organisational Citizenship Behaviour" by the Business Community

On the basis of the theoretical foundation and empirical evidence, the study enabled the development of a sound multi-factor ethical climate model enabling organisational citizenship behaviour. The model, which is henceforth referred to as the *"Ethical Climate Model for Organisational Citizenship Behaviour",* aims to support business enterprises in setting the right foundation that will primarily promote organisational citizenship behaviour as well as employee ethical behaviour, conduct and performance in the workplace.

The *Ethical Climate Model for Organisational Citizenship Behaviour* is built on a theoretical foundation and was successfully tested with empirical data in Mauritius, covering a multi-industry perspective, whilst considering the *voice of key actors* operating at different levels of the hierarchy in the organisations.

The main building blocks and the multi-factor structure of the *Ethical Climate Model for Organisational Citizenship Behaviour* is provided schematically in Figure 5.3 below and explained to support its application within the business community.

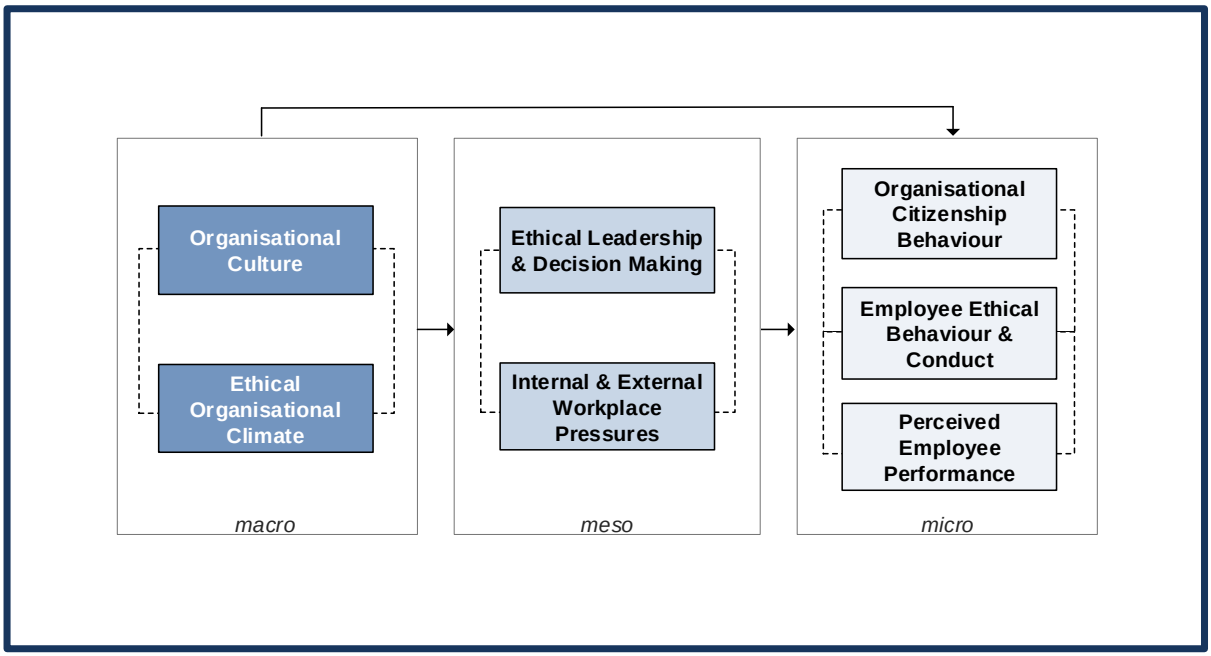


Figure 5.3: Ethical climate model for organisational citizenship behaviour.

To embrace a new direction in social science to bridge research gaps on ethics in the workplace, the model is structured within a *macro-meso-micro framework* so as to deconstruct its complexities. It facilitates studies of the dynamics of organisational culture, ethical organisational climate, ethical leadership, workplace pressures and their resulting effects on organisational citizenship behaviour, employee ethical behaviour and conduct, and employee perceived performance. The model, which has successfully been tested empirically and demonstrates a good fit, confirms the interrelationships and effects that the macro level variables have on the observed micro variables both directly and through the meso layer variables. In other words,

having the right ethical culture and climate within the organisation leads to employees demonstrating civic virtue, sportsmanship, altruism, ethical conduct, compliance to norms and performance at work. The model also confirms that ethical leadership and decision making as well as workplace pressures have a considerable mediating effect on organisational citizenship behaviour and perceived employee performance within enterprises. This therefore necessitates proper attention when shaping the right ethical culture and climate.

The main recommendations to the business community are as follows:

(a) ***Nurture the right organisational culture as a baseline empowering enabler***

Organisational culture has an important influence in the way employees across hierarchies orientate their perception and behaviour. Business leaders should therefore ensure that they lay the right foundation in setting clear business goals and priorities. They should provide the required support to solve business problems, striking the right balance between achieving business goals, people's consideration and work ethics, and promote transparency.

(b) ***Foster ethics principles and fair practices as part of an overarching climate***

Business organisations should sense, regulate, and promote the right climate, orientated towards compliance to principles, rules and standards whilst demonstrating concerns for others (people, organisation and society). Such attributes directly influence people's willingness to deliver beyond their normal prescribed duties whilst also promoting ethical behaviour on their part in the best interests of the organisation. Organisations should curtail all such actions that can pollute the work climate and create conditions of anomie that would be counterproductive for employee performance. The prevalence of ethical organisational climate also helps in attenuating workplace pressures and any detrimental effects on the employees. Organisational climate characterised by ethical standards and ethical considerations ultimately fosters the emotional engagement and work commitments of the employees.

(c) ***Demonstrate ethical leadership qualities to stimulate positive behaviour, engagement and performance***

Business leaders have a duty to create the right work environment for their stakeholders. They must demonstrate ethical leadership behaviours (fairness, integrity, people consideration, role clarification, power sharing, respect for ethical and deontological duties, and concerns for sustainability) and also show that decisions are made on the basis of ethical consideration and fairness. This will create an environment that will stimulate employee motivation, engagement, citizenship behaviour, ethical conduct and performance. People should see fairness in treatment, high standards of ethical decisions and actions prevailing in the organisation, and demonstration of ethical traits and stewardship of their leaders. Employees should experience transparency in dealings and decision making, feeling of no pressure to compromise their ethical stance, and their participation to the economic success are being fairly recognised and rewarded. If these can be achieved, their motives for promoting organisational ethical and citizenship behaviours will only grow. This reinforces the philosophy that if civic virtue, altruism and fairness in participation to economic success are being fostered, this will influence the right ethical and citizenship behaviour to permeate within organisations. Such conditions will also help in curtailing ethical deviances or any forms of pressure or motivation inciting people to compromise their ethical stance for economic benefit or self-interests. Thus, ethical leadership and decision making play an influential mediating role in fostering organisational citizenship behaviour, employee ethical conduct and performance at work. It should imperatively be promoted as part of the overall organisational culture and operating philosophy of business enterprises.

(d) ***Regulate workplace pressures to restrict anomie and unhealthy climate***

An increase in improper workplace pressures has been found to adversely impact the employees' morale and supress their abilities and motivation to excel. To avoid adverse behavioural challenges, moral regression and an unhealthy work climate amongst employees, businesses have to review their approaches in achieving business goals. They must regulate the nature and intensity of workplace pressures for the welfare of their employees and success of the organisation. Striking the right balance between achieving business targets and means of

achieving such goals are fundamental in creating a healthy and ethical work climate.

Regulating workplace pressures and promoting ethical leadership plays a central role in fostering organisation citizenship behaviour and perceived employee performance in organisations. It should therefore be considering as part of the underlying operating philosophies.

As supported empirically through the *Ethical Climate Model for Organisational Citizenship Behaviour,* the implementation of the above four recommendations will lead to a sizeable and enriching effect in permeating organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance at large. Efforts should therefore be made by the business community in adopting such recommendations for the welfare of the organisations.

5.5.2.2 Adoption of Key Ethics Related Actions ("KERAs")

To strengthen the ethical climate and culture in the local environment, the study suggests that the following KERAs should be considered as part of a broad ethics philosophy, strategy and framework at both national and organisational levels as shown below in Figure 5.4:

Strategic Initiatives • Implement a National Ethics Framework to promote ethical practices and standards in the country • Institutionalise a Corporate Ethics Office to drive the implementation of ethics and compliance standards and programmes within organisations • Implement a formal ethics indicator/framework to disclose the state of ethical climate in organisations as part of corporate reporting to public	**Ethics Programs and Systems** • Ensure written standards of workplace integrity are in place • Ensure continuous training on standards of workplace integrity • Implement formal process to discipline violations of codes of conduct • Promote workplace integrity as part of performance appraisal • Implement a mechanism for confidential / anonymous reporting • Implement formal and informal systems to report and resolve ethical concerns • Establish a platform or mechanism to provide feedback/advice related to workplace integrity when being sought • Provide an approach on how to sense and respond to ethical climate issue
Ethics Leadership • Foster a culture based on virtues of transparency, feasibility, discussability and sanctionability • Leaders to actively foster ethical standards and practice in the workplace • Institutionalise a formal process for ethical decision making	**Ethics Support Tools** • Provide a mechanism for employees to establish what is ethical and what is not • Provide an interactive tool to provide tailored content to each user to help in ethical judgement and response (e.g. chat bot, scenario videos, eBook)

Figure 5.4: Classification of the nature of key ethics related actions.

5.5.2.3 Embracing a National Ethics Strategy

Like in many other countries, the implementation of ethics standards in Mauritius has been made through an articulation of “Code of Ethics” that stakeholders are called to consider and abide by within the economic, social and political bodies. Whilst on one hand, the prevalence of Code of Ethics across industries is considered to be low (only 19% of the participants confirming the presence of Code of Ethics in their organisations), the study also reveals that the level of training on ethics standards and codes are even lower (only 12% confirming such training in place). Coupled to this issue, the findings indicate that employees are facing another dilemma in determining what is ethical and what is not. In other words, they are unable to properly differentiate which particular action or behaviour is considered to be ethically correct and which one is not. On the back of these findings, the results suggest fundamental deficiencies in applying an effective approach, in a consistent manner across industries, in setting ethical standards and codes, raising awareness, providing the necessary means of properly understanding ethics related matters and making ethical decisions. The issues also indicate that organisations in the local context are at an initial stage of deployment of ethical standards and practices, and which may also explain why ethical deviances have been observed to a considerable extent.

To turn around these challenges and set the right base for ethical culture, there is a strong need to embrace a national drive in institutionalising ethics standards, by policymakers, business community, public enterprises, parastatal bodies, and socio-political groups. There are two ways to embrace this national drive, either by developing a new foundation or by building on an existing one. Either approach has its own merits and challenges. Mauritius has adopted the new National Code of Corporate Governance (“NCCG”) in 2017 which is an enhanced version aiming at improving and guiding the governance practices of organisations within Mauritius through a set of Principles (National Committee on Corporate Governance, 2016). The NCCG encompasses principles and guidelines covering governance structures, appointments, performance evaluation and remuneration procedures, risk governance and controls, reporting and disclosures, audit standards, stakeholder relationships, compliance, and codes of ethics. It would be more effective to build on this existing foundation, given the growing adoption rate of the NCCG amongst private and public organisations. Through this approach, organisations would also have a central point

of reference for all matters concerning governance and ethics. It is thus recommended that the policymakers, captains of industry and key players of socio-economic groups drive another wave of enhancements to the NCCG. This should encompass *Ethics Standards and Practices* in a more in-depth and prominent way (as a Principle in itself) in light of the findings of this study. At the same time, it reinforces the measurement and reporting of ethical climate as part of corporate reporting standards.

The adoption of a National Ethics Strategy and framework should also aim to address present ethical dilemmas that are fundamental in shaping the right ethical culture and climate in Mauritian organisations. For instance, the measurement and reporting of Business Ethics Indicators (encompassing the measurement of the rate of observed misconduct, pressure to compromise standards, experienced retaliation, and implementation of ethics programs) will go a long way to elevate the corporate reporting standards and ethical business practices across organisations. This will also apply to determining an Organisational Ethics Score (as part of an ethics Principle in the NCCG Scorecard), and the application of KERAs.

Public disclosures of the state of ethical climate through corporate reports would also serve as a self-regulating mechanism for organisational leaders and stakeholders as it would pave the way for ethical stewardship. Such an initiative will make ethical leadership, ethical decision making, behaviour and conduct an integral part of business life.

5.5.3 Imperatives for Future Research

The present study established the mediating effects of *Ethical Leadership and Decision Making,* and *Internal and External Workplace Pressures* more specifically on *Organisational Citizenship Behaviour* and *Perceived Employee Performance.* Though they both account for a sizeable mediating effect on the dependent micro level variables, future research should aim to explore and establish whether there could be other key mediating variables that could have influential bearing on *Organisational Citizenship Behaviour* and *Perceived Employee Performance.* If so, how would that compare to the present findings.

The present study indicates that "*Achieving Business Goals"* is one of the key underlying factors characterising the organisational culture in Mauritius. Furthermore,

it was also found that employees face pressure to attain business goals at all cost from their bosses. Additionally, the pressure to protect the company's reputation emerged at the topmost workplace pressure. These findings appear to project a subtle climate of "*Unethical Pro-organisational Behaviour",* where unethical behaviour takes place with the intention of benefiting the organisation. The aspect of *Unethical Pro-organisational Behaviour* does not seem to have received enough research attention in a multi-cultural context. This is also supported in the future research agenda put forward by Newman et al. (2017). Further research is thus needed to establish whether such climates exist, the extent to which they are prevailing, and their likely effects on employee morale, ethical and citizenship behaviour in the organisations.

Whilst undertaking the literature review on *Internal and External Workplace Pressures*, it was noted that there are very limited numbers of established instruments available that could be used to measure and study this vital component in the business context. Considering the importance, prevalence and effects of workplace pressures, it is high time that further studies are conducted on this particular phenomenon to establish a reliable instrument or scale to support the research and business communities.

This study has established ethical climate types in the current context as well as their effects on observed variables, it would also be beneficial for future research to be orientated towards establishing *Ethical Climate Strength.* An initiative has been proposed to devise an adapted instrument for measuring the ethical components emanating from the empirical tested model of the present study, and a recommendation put forward to institutionalise *Business Ethics Indicators* as part of corporate reporting standards. This will greatly advance the body of knowledge if future scientific studies could bring further contribution and insights on practical approaches and framework that could enable the measurement of *Ethical Climate Strength* based on sound theoretical and empirical foundation.

5.5.4 Conclusion

5.5.4.1 Process Adopted for Attending to the Research Problems and Research Objectives

In conclusion, based on the theoretical and empirical findings derived from the present study, it is vital at this stage to review the underlying research problem and research objectives that guided this whole study and also summarise how the respective research problem was addressed and the research objectives met.

Scientific Orientation of the Research: The relationship between ethics and leadership have been studied by many scholars for quite some time (Burns, 1978; Deconinck, Deconinck and Moss, 2016). Despite numerous ethics related studies and the implementation of several key ethics related measures including guiding codes and principles (e.g. codes of conduct, codes of corporate governance and ESG principles), the world continues to face major socio-economic challenges due to ethical issues (Huang & Paterson, 2017). Undisputedly, the ethical dimension to leadership has to receive further research attention in the midst of such mounting challenges especially in areas of organisational ethical culture and climate. This is even more urgent in a context characterised by a plurality of cultures and diverse socio-economic dynamics.

This particular study was thus undertaken to address the research problems surrounding ethical organisational climate in a multi-cultural and multi-industry context of Mauritius such that the business and research communities can benefit from new insights and findings of this research. The study aims to shed light on the state of ethical climate in the local context and its dynamics and interrelationships with key related variables that would shape organisational citizenship and ethical behaviour and performance in business enterprises. Chapter 1 thus provided the scientific orientation of the research setting out the background, problem statement, research questions, research aims and how the study is proposed to be undertaken.

Literature Review: An extensive literature review was conducted in Chapter 2. This covered organisational culture, ethical organisational climate, leadership and behaviour, as key integrated building blocks of the study. Central to the literature review was the study of ethical theories (philosophical egoism, utilitarianism,

deontology, virtue ethics, and ethics of responsibility) and their interrelationships with leadership theories. In particular, Victor and Cullen's (1988) Ethical Work Climate, Vidaver-Cohen's (1998) Moral Climate Continuum and Kaptein's (2008) Corporate Ethics Virtue Model were studied. The theories and empirical research findings underpinning ethical leadership and decision making were also reviewed comprehensively. This helped to establish the relationships between ethical leadership and moral attitude, organisational behaviour, organisational commitment, moral intensity and organisational culture. Rest (1986), Jones (1991) and Lincoln and Holmes (2008) models and theories were reviewed in detail so as to determine how ethical judgement takes place in the moral continuum. In a quest to evaluate the influence of workplace pressures on ethical organisational climate and behaviour in general, an in depth study was also done on internal and external workplace pressures ("internal" being such pressures centred on the employee's own survival, job security, career and financial sustainability, and "external" being such pressures to meet business targets and goals, ensure financial success of the company, and create value for the shareholders). To understand the interplay between social structures, pressure and anomie, the Merton's (1957) theory was studied. This was complemented with the study of global research conducted by Ethics and Compliance Initiatives, which provided important insights on the state of ethical climate across countries, together with the underlying challenges affecting ethical organisational climate. The Mauritian context was also studied to set the scene on its inherent background, the diversities of its culture, multi-industry business context, previous studies and research gaps identified.

Research Gaps: The in-depth literature review enabled to establish precise theoretical and empirical research gaps that needed to be bridged to further reinforce ethical organisational climate and foster organisational citizenship behaviour, ethical employee behaviour and conduct, and perceived employee performance. It was also found that theoretical models have yet to determine whether mediation effects between organisational ethics components within a conceptual macro-meso-micro framework remain constant across different contexts, organisations and groups of individuals (Grobler & Grobler, 2016).

Future research recommendations were put forward by Li (2012) and Engelbrecht et al. (2017) who called for a new direction in the field of social science. To bridge these research gaps, the study therefore focussed on decomposing the underlying complexities of ethical climate and evaluating the interrelationships and effects between the associated variables in a conceptual *macro-meso-micro* framework. The overall study was thus structured in a 3-tier model as follows:

- Macro Layer – Comprising of two independent variables (Organisational Culture and Ethical Organisational Climate)
- Meso Layer – Comprising of two mediating variables (Ethical Leadership and Decision Making, and Internal and External Workplace Pressures)
- Micro Layer – Comprising of three dependent variables (Organisational Citizenship Behaviour, Employee Ethical Behaviour and Conduct, and Perceived Employee Behaviour).

These sub-constructs laid the foundation for a more granular and yet focussed study which would subsequently allow for precise assessment of the variables under study. The study was further motivated by the fact that such a multi-layered ethics approach has not been yet been undertaken in the multi-cultural and cross-industry context of Mauritius. This study was thus specifically oriented towards bridging this gap and providing new insights to the country, business, and research communities at large.

Research Design and Methodology: Considering the research aim, nature of this study and research questions put forward, a more rigorous positivist approach to measure behavioural aspects was adopted (Cohen, Manion and Morrison, 2011; Neuman, 2015). The research design and methodologies were set out in detail in Chapter 3. In the context of this study, the scope, relevance, merits and criticisms of 41 previously validated and established instruments were evaluated, resulting in eight instruments being retained. Few of them were marginally adapted (where required to bridge research gaps and respond to the research questions without affecting the underlying instruments' validity and reliability attributes) and integrated in a master multi-factor instrument with 230 items assessed on 5-point Likert-type scales. Out of a population of 2,534 establishments (classified as "large" by the Statistics Office) operating across industries in Mauritius, a sample of 526 was devised. The survey led to 523 suitable representative responses from participants working in these 'large'

organisations (across industries) to be retained for in-depth quantitative analysis and statistical assessment (correlation, multiple regression, exploratory and confirmatory factor analysis and path analysis).

Analysis of Research Findings: The research data enabled a comprehensive assessment of the dynamics of the interrelationships, direct and mediating effects of organisational ethics components within the framework. The state of ethics standards and practices in the local context was analysed and assessed. An evaluation of the behavioural patterns across industries, organisations and groups of people was also effected to assess any specific patterns with certain groups (e.g. age, socio-economic and industry). The direct effects of the independent variables and the mediating effects of the meso variables were comprehensively assessed and their corresponding impacts were determined and interpreted through path analysis. The conceptual *macro-meso-micro* research model, underpinning this study was subject to model fit and empirical assessment. The statistical tests reveal that the Conceptual Research Model holds a good fit and can be adopted as a model to guide businesses and the research community within the extent of its scope, empirical merits and limitations.

Furthermore, there was also a need to identify and evaluate critical ethical related actions that could help the business community to address ethical related challenges and dilemmas. The survey led to the emergence of KERAs, identified as being critically required by the employees across hierarchical levels that would reinforce ethical climate, standards and practice in the corporate world. The potential contributions of these KERAs were evaluated and found to be relevant if adopted as part of a broader ethics strategy in elevating ethical and organisational citizenship behaviour within organisations. These were attended to in Chapter 4.

Discussions and Recommendations: Chapter 5 was a culminating point built on the empirical findings and their interpretations stemming from the previous chapter. The prime goal of this chapter was to put the empirical findings into perspective, discuss and formulate recommendations that will empower the business community to elevate ethical organisational climate, culture, standards, practices, and behaviour. The ten specific empirical aims were attained through the research findings highlighted and discussed in Section 3 of this Chapter. A recommendation for a national drive is also being put forward for policymakers and captains of the industries to pioneer the

implementation of a revitalised ethical philosophy, approach and benchmark for the corporate world.

5.5.4.2 Key Research Findings

Global Benchmark – For the first time, it has become possible to rate and compare the state of ethics prevailing in Mauritius with other countries, on a few comparable dimensions, based on the empirical results of the present study. The results show that the rate of observed ethical deviances and malpractices in the workplace over the last 12 months was considerable. Mauritius finds itself in the segment of countries with the lowest reported rate of pressure to compromise ethical standards, observed misconduct and experienced retaliation over the last 12 months, however, this pattern is different when measuring the same indicators over a broader timescale. In fact, Mauritius shifts from the bottom to the upper mid segment of the global league of ECI when specifically measuring pressure to compromise ethical standards beyond the 12-months horizon. Due to the nature and intensity of such pressures at work, a high rate of respondents felt that such pressures are adversely impacting the health, morale and performance of employees. The results indicate that there is a necessity to address workplace pressures as they lead to ethical deviances and unhealthy behaviour in the work environment.

State of Ethics Standards and Practices – A large majority of the respondents confirmed that their organisations are promoting ethics and compliance, albeit at varying degrees, with *written ethics policies and standards,* and c*ode of ethics* being the two top most ethics related measures in place. However, it was also noted that a segment of participants rarely or never promotes such practices. The prevalence of training programmes on ethics standards and codes are unfortunately at a very low rate, and systems to report and discipline ethical violations could even be qualified as *"quasi absent"*. The study also indicates that a small segment of the largest establishments (above 2,500 employees) have performance evaluations of ethical conduct as part their appraisal systems. These results show that organisations across industries will need to embrace a new wave of transformation to foster ethical climate and culture through senior stakeholder ethical vision, commitment and stewardship, key ethics related actions (13 emerged as critical for implementation), workforce

engagement and approaches that reinforce the enterprise ethical standards and foundation consistently.

Emerging Organisational Culture and Ethical Organisational Climate Types– The study shows that the organisational culture within Mauritian business enterprises is characterised by three main factors, i.e. *Achieving Business Goals, People Consideration* and *Work Ethics.* As regards the prevailing ethical organisational climate, the present study demonstrates that the corporate world in Mauritius is characterised by three ethical climate types (*Principle-oriented, Benevolence* and *Altruism).* The former two ethical climate types have been found to be common to other established theories and studies. However, *Altruism* appears to be specific to the context. The emergence of these three ethical climate types somewhat confirms the existing perception that Mauritians tend to be guided by their principles, cultural values, norms and law, on one hand, whilst also being inclined to care for the interests of others.

Prevailing Workplace Pressures – Amongst the various kinds of pressures being felt in the organisations, ten of them emerged as the most prominent ones that could influence employees to compromise ethical behaviour and standards. Though these pressures have been confirmed by a considerable number of the respondents, the *pressure to protect the company's image* comes as the topmost external workplace pressure. On the other hand, the *pressure to protect one's own/family reputation* and the *pressure to progress one's own career for better pay and living* emerge as the topmost internal pressure facing the individual. Furthermore, the result also indicates that a considerable number of the respondents felt *pressure to compromise ethical standards to win business deals*. Four factors emerged from the confirmatory factor analysis measuring internal and external workplace pressures *(i.e. Prioritisation of Economic Results, Violations of Ethical Guidelines, Situational Stress and Personal Situational Stress).* Of these, the results indicate that the *Prioritisation of Economic Results* emerges as the most impactful workplace pressure factor followed by *Personal Situational Stress.* This shows that the ethical stance of people tends to be compromised when facing economic and reputational pressures.

Ethical Leadership and Decision Making – The study led to the emergence of six factors characterising the ethical leadership and decision making variable in the local

context *(i.e. Integrity, Role Clarification, Ethical Guidance and Concern for Sustainability, Power Sharing, Fairness and People Orientation).* As regards the ethical leadership practices, one third of the respondents felt the pressure to follow and execute orders from the boss(es) for the latter's own self-interests. Such demands are viewed as disproportionate and put the employees into ethical dilemmas in fulfilling such instructions for their own job's security. It was also found that employees have difficulties in making ethical judgements between what action is ethical and what is not. These conditions were characterised by deficiencies in ethical leadership and ethical decision making and are likely to influence unhealthy ethical behaviour to prevail in organisations locally.

Relationships between the Macro-Meso-Micro Level Variables – The study confirms that all the variables within the research model are correlated at varying levels and are statistically significant. Most variables are positively correlated except that the *Internal and External Workplace Pressure* variable has negative relationships with the associated study variables. The interrelationships between the variables demonstrate that they stand and can evolve as an integral unit for determining organisational citizenship and ethical behaviour in the workplace.

Effects of the Independent and Mediating Variables – *Organisational Culture* and *Ethical Organisational Climate* jointly influence the dependent variables both directly and indirectly at varying degrees. The study reveals that the two independent variables have a combined moderate effect on *Ethical Leadership and Decision Making* and on *Internal and External Workplace Pressures*. It was also found that *Ethical Leadership and Decision Making* (as a mediating variable) influences *Perceived Employee Performance* the most compared to the other two dependent variables of *Organisational Citizenship Behaviour* and *Employee Ethical Behaviour and Conduct*. The study confirms the influencing role that the mediating variables play in shaping the ethical and citizenship behavioural patterns within organisations across hierarchies.

The independent and mediating variables jointly account for more than half of the total variance in *Perceived Employee Performance,* one third of the total variance in *Organisational Citizenship Behaviour* and one third of the total variance in *Employee Ethical Behaviour and Conduct.* It must be noted that the two mediating variables have

a statistically insignificant mediating effect specifically between *Ethical Organisational Climate* and *Employee Ethical Behaviour and Conduct.* It has nevertheless been established that the mediating variables play a vital role in the overall research model as their indirect effects account for a considerable portion of the total effect on the dependent micro variables.

Most Impactful Meso Variable - *Ethical Leadership and Decision Making* emerges as the meso variable influencing *Organisational Citizenship Behaviour* and *Perceived Employee Performance* the most. As regards *Employee Ethical Behaviour and Conduct,* it is mostly influenced by *Internal and External Workplace Pressures.* This demonstrates that leaders play an instrumental role in shaping the organisational citizenship behaviour and performance amongst the employees. Adverse workplace pressures are likely to fuel ethical deviances and affect employees' ethical stance and conduct.

Behavioural Orientation across different Groups – The results also indicate that different groups (age, socio-economic and industry) have varying perceptions and behavioural orientation with regards to *Organisational Culture, Ethical Leadership and Decision Making, Internal and External Workplace Pressure* and *Organisational Citizenship Behaviour*. The way the young and older generation perceives organisation citizenship behaviour is different. It therefore requires organisations to pay special attention to group dynamics when developing and steering ethics programs.

Key Ethics Related Actions (KERAs) – Thirteen KERAs emerged as being critical for implementation in the local context in view of further strengthening the ethical work standards and climate. The most prominent ones are:

- *Promote workplace integrity as part of performance appraisal*
- *Enhance training on standards of workplace integrity*
- *Institutionalise formal process to discipline violations of codes of conduct*
- *Foster a culture based on virtues of transparency, feasibility, discussability and sanctionability*
- *Leaders to actively foster ethical standards and practice in the workplace*

An Ethical Climate Model for Organisational Citizenship Behaviour – The study culminated in establishing a good fit ethical climate model, built on a theoretical and empirical foundation for promoting organisation citizenship behaviour. It encompasses key interrelated factors that will contribute towards stimulating the right set of positive citizenship and ethical behaviours as well as performance amongst employees in the workplace. The adoption of the three key proposed recommendations will go a long way towards rendering its application within organisations practically and effectively as part of an overarching ethics and business strategy. The adoption of a national and enterprise-wide ethics strategy and their effective implementation will further reinforce the ethical standards and practices in Mauritius.

5.5.4.3 Key Research Contributions

This study brings a vital contribution to the field of social science at various levels (theoretical, empirical, business and national) as highlighted below:

(a) Contribution at a theoretical level

The study builds on previous research such as Jeurissen (1997), Dopfer et al. (2004), Li (2012) and Engelbrecht et al. (2017) and responds to their calls for the adoption of a new direction in social science research through a *macro-meso-micro* framework. The present study of ethics in the workplace was therefore structured on such a framework which provided precise understanding and new insights as to how ethical and behavioural context variables are interrelated and influence each other. The study, in particular, demonstrates how the complexities of ethical climate can be broken down and their dynamics be studied through *macro-meso-micro* lenses. The study helped in bridging existing theoretical gaps and showed how:

- The macro level independent variables *(Organisational Culture* and *Ethical Organisational Climate)* are related to the meso level mediating variables *(Ethical Leadership and Decision Making,* and *Internal and External Workplace Pressures)* and the micro dependent ones *(Organisational Citizenship Behaviour, Employee Ethical Behaviour and Conduct,* and *Perceived Employee Performance);*
- The macro level variables directly influence the micro level dependent ones;

- The meso level variables interplay within the framework and influence the micro level dependent variables indirectly; and
- The extent of such direct, mediating, and combined effects on the observed variables.

The study is original as it integrates seven core intrinsically linked components surrounding organisational culture, ethical organisational climate, leadership, workplace pressure and behaviour within a single research, and evaluates their interrelationships and effects through a 3-tier model.

These contributions will help the researchers, industrial and organisational psychologists and business leaders in better understanding how organisation citizenship and ethical behaviours and employee performance could be enhanced within business enterprises.

(b) Contribution at an empirical level

The findings of the study contributed to the development of an empirically tested Ethical Climate Research Model encapsulating the mediating effects of ethical leadership and workplace pressures on organisational citizenship behaviour. The extensive scope of the present research and the depth of its outcomes adds a new dimension to the ethical and behavioural knowledge base in Mauritius and the larger research community. Empirical insights on the underlying structures of organisational culture, ethical organisational climate, ethical leadership, workplace pressure, organisational citizenship behaviour, employee ethical behaviour and conduct, and perceived employee performance are henceforth available for the local context. For instance, the types of prevailing organisational culture and ethical organisational climate have now been confirmed. Similarly, the challenges faced from an ethical leadership perspective as well as the nature and intensities of workplace pressures affecting the ethical stance, behaviour, health, morale and performance of employees in the local context have been identified and assessed empirically. The key contributors and ethics related actions to reinforce ethical standards, practices and organisational citizenship behaviour have also been established in the multi-cultural and cross-industry context of Mauritius. Furthermore, the perceptions and behavioural orientation of people in different age, socio-economic and industry groups have also

been assessed and found to vary when it comes to organisational culture, ethical leadership, workplace pressures and organisational citizenship behaviour. Such empirical insights will go a long way to support the business and research communities in their quests to curtail ethical deviances through strategic, theoretical, empirical, and behavioural inputs.

(c) Contribution at a business level

One of the prime underlying goals of the study was to help organisations in addressing the ever-mounting ethical challenges arising in the business environment, whether locally or internationally. The theoretical and empirical findings have shed light on new insights on the prevailing state of ethics and how the ethical challenges could be addressed over time. To render these technical findings practical for implementation by the business community, the following contributions in the form of key recommendations, are being made:

- ***The application of an Ethical Climate Model for Organisational Citizenship Behaviour –*** On the basis of the theoretical foundation and empirical findings, a 3-tier multi-factor *Ethical Climate Model for Organisational Citizenship Behaviour* has been derived with good fit that would help organisations across industries in their strategic purpose of stimulating citizenship behaviour at work, elevating ethical behaviour, and employee performance enterprise-wide.
- ***The adoption of Key Ethics Related Actions (KERAs)*** – To support the business community in devising a comprehensive and effective ethics culture journey and framework, a set of KERAs deemed critical for implementation has been recommended to turn the relatively deficient prevailing operating practices into effective ethics-oriented operating standards. It encompasses various enablers including the establishment of a Corporate Ethics Office, ethics programs, an approach to sense and respond to ethical challenges, a process for ethical discussions, judgement and continuous learning, as well as integrating business ethics indicators as part of corporate reporting.

(d) Contribution at a national level

To reinforce ethical standards and practices nationwide, the adoption of a National Ethics Strategy is also being recommended. A national drive for institutionalising ethics standards by key stakeholders (e.g. policymakers, business community, captains of the industry, public and parastatal bodies, and socio-economic groups) as part of an enhanced NCCG will further raise ethics as a more prominent and self-standing principle of the overarching corporate governance and ESG framework.

5.5.5 Way forward for future research

Considering the present findings and patterns therefrom, future research is needed in areas of *Unethical Pro-Organisational Behaviour* and *Ethical Climate Strength.* The development of a reliable instrument to measure *Workplace Pressures* will also necessitate future research attention given present literature gaps.

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7. APPENDICES

A. Research Questionnaire

The complete research questionnaire is appended as separate file to ease readability.

B. Information regarding Originality Checking of the Thesis

The Turnitin Digital Receipt was provided, as part of the thesis documentation pack submitted for examination, as documentary evidence that this thesis was submitted for originality checking.

An extract of the Match Overview Result was also provided as documentary evidence of the outcome of the originality checking. The similarity index was found to be reasonable and acceptable as it falls within the accepted requirements of originality.